THE PORT OF VIRGINIA®

VIRGINIA PORT AUTHORITY©

Comprehensive Annual Financial Report
For Fiscal Year ended June 30, 2015

The Virginia Port Authority is a component unit of the Commonwealth of Virginia.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE

VIRGINIA PORT AUTHORITY

A COMPONENT UNIT OF THE COMMONWEALTH OF VIRGINIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by the Finance Division of the
Virginia Port Authority

TABLE OF CONTENTS


NYK LOGISTICS

John F. Reinhart
CEO/Executive Director

Virginia Port Authority
600 World Trade Center
Norfolk, VA 23510

October 30, 2015

Dear Customers, Stakeholders and Port Partners:

Fiscal year 2015 was filled with many milestones for The Port of Virginia ®, the most significant of which is the ongoing stabilization of the finances of this great maritime asset.

With the support of the Governor Terry N. McAuliffe, Transportation Secretary Aubrey L. Layne and the Virginia Port Authority Board of Commissioners, we have entered a new era of reinvestment in the port. Our strategy during the next decade requires an investment of $2 billion in our network of terminals to upgrade them and remain competitive in this constantly evolving industry. With the approval of a $135 million capital budget for FY 2016, the work is underway.

Against this backdrop of productive change, world markets and economic performance have continued to improve. The port capitalized on this commercial resurgence by achieving the best fiscal year cargo volume performance in its history having handled 2.5 million twenty-foot equivalent units. In addition to handling record cargo volumes, an emphasis on sustainable growth, consistency in phases of operations and fiscal responsibility continues to drive positive change. The port closed fiscal year 2015 with a $13.6 million consolidated operating profit, its best financial performance since 2008 and there were many milestones along the way.

Fiscal year 2015 highlights (in chronological order):

- **June 2014:** The N4 terminal operating system was launched at Norfolk International Terminals (NIT) without any disruptions in operations, wrapping-up an intensive two-year preparation effort.

- **July 2014:** The region's coffee roasting, packaging and handling industry was given a boost when the port was certified as a delivery point on the ICE Futures US Coffee "C"® futures contract.

- **August 2014:** Following months of discussions the port chose Innovation, Helpfulness, Fortitude, Accessibility, Mindfulness and Sustainability as the values of the organization.

- **September 2014:** The US Department of Transportation awarded the port a $15 million TIGER grant to create a new intermodal gate complex at NIT.

- **September 2014:** Portsmouth Marine Terminal, closed for nearly three years, reopened.

- **December 2014:** The automated gate system at NIT is implemented to improve efficiency and speed the flow of cargo.

- **February 2015:** The nation's top bond rating agencies, Fitch Ratings, Moody's Investors Service and Standard & Poor's all affirmed the health of the port's revenue bonds.

- **March 2015:** The port completed the sale of $141.8 million (par value) of port facilities revenue refunding bonds and as a result of the sale, the VPA will realize net savings of $14.7 million on a present value basis over the life of the bonds.

- **April 2015**: The Virginia Port Authority Board of Commissioners adopted a budget for fiscal year 2016 which includes $135 million in capital spending.

- **May 2015:** Vehicle units soared in May as the port handled 8,675 import vehicles from Nissan and Chrysler at Newport News Marine Terminal.

- **June 2015:** Leaders from the port and US Army Corps of Engineers signed an agreement to study the economic benefits of dredging Norfolk Harbor to at least 55 feet.

The Port of Virginia is in an enviable position.

Our natural assets include deep shipping channels that are easy to maintain; we offer a quick transit to the Atlantic Ocean; the port is geographically situated within a day's drive of two-thirds of the nation's population; we have room to grow and a clear path forward. From a manmade perspective, we have a modern and growing complex of seaside and inland terminals; a bridge-free harbor; and on-dock rail service provided by the East's two Class I railroads.

As it should be, our future will be busy. Critical capacity projects including the expansion of Virginia International Gateway, the redevelopment of the container yard at Norfolk International Terminal and the eastward expansion of Craney Island, the home of the fourth state-owned marine terminal, will set the stage for growth and success for many tomorrows to come. In this very competitive and constantly evolving industry, we are fortunate to be able to say that the future of The Port of Virginia is without parallel on the U.S. East Coast.

Sincerely,

John F. Reinhart
CEO and Executive Director

THE PORT OF VIRGINIA

John F. Reinhart
CEO/Executive Director

Virginia Port Authority
600 World Trade Center
Norfolk, VA 23510

October 30, 2015

Board of Commissioners
Virginia Port Authority
600 World Trade Center
Norfolk, VA 23510

Dear Commissioners:

The Comprehensive Annual Financial Report (CAFR) of the Virginia Port Authority ("VPA" or "the Authority") for the fiscal year ended June 30, 2015, as required by §62.1-139 of the Code of Virginia for submission to the Governor and General Assembly on or before November 1 of each year, is hereby submitted.

Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities and operations have been included.

Management is also responsible for establishing and maintaining internal controls over its operations. Internal controls are designed to provide a reasonable, though not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that financial transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Management strongly believes that the inherent financial accounting controls coupled with the ongoing independent financial audit performed by the Authority's independent financial auditors, the Auditors at PBMares, LLP, as well as numerous other governance functions, adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.

The Auditors at PBMares, LLP have issued an unqualified opinion on the Authority's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the beginning of the financial section of this report.

Management's discussion and analysis (MD&A) can be found at the beginning of the financial section, after the audit opinion, and provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Virginia Port Authority

The Virginia Port Authority was established in 1952, as a political subdivision of the Commonwealth of Virginia, for the purpose of performing any act or function which may be useful in developing, improving, or increasing the commerce of the ports of the Commonwealth. The Authority, over the years has acquired and unified certain port facilities for the benefit of the Commonwealth. The Authority owns and is responsible for the operations and security of three marine terminals: Norfolk International Terminals (NIT), Portsmouth Marine Terminal (PMT), and Newport News Marine Terminal (NNMT), and an inland intermodal facility, the Virginia Inland Port (VIP) located in Front Royal, Virginia. In addition, the Authority has an operating lease for the use and operation of the Virginia International Gateway Terminal in Portsmouth, Virginia (VIG) and also for the Port of Richmond (RIC) in Richmond, Virginia. These facilities primarily handle import and export containerized, break-bulk, and bulk cargoes.

The Authority is governed by a 13 member Board of Commissioners - the State Treasurer, the Chief Executive Officer of the Virginia Economic Development Partnership, and 11 citizens appointed by the Governor. The Board of Commissioners, the VPA CEO and Executive Director and his staff, and the management of our component unit Virginia International Terminals, LLC (VIT), work to promote, develop, and increase commerce at the ports of Virginia, and other port related industries in the Commonwealth.

VIT was established in 1981 and in 1982 began to operate the facilities controlled by the Authority. VIT operates the state-controlled ports (excluding the Port of Richmond) through a Service Agreement with the Authority. Effective August 17, 2013, VIT was converted from a nonprofit, non-stock corporation to a single-member limited liability company with VPA as the sole member of the Company. VIT's financial information is presented in the Authority's financial statements as a discretely presented component unit to emphasize that it is legally separate from the Authority and that it serves or benefits those outside of the Authority. The VIT budget is prepared annually and approved by the VPA Board of Commissioners prior to July 1 of each fiscal year. More detailed information can be found in the footnotes to the financial statements.

The Authority is included in the Commonwealth of Virginia's budget. Authority staff prepare and submit budget requests for each upcoming biennium to the Department of Planning and Budget (DPB) and the Governor, based on expected revenues and expenditures. The Governor submits the recommended budget for the Commonwealth to the General Assembly which enacts appropriations for each year of a biennium for operating and capital expenditures. The resulting Appropriation Act provides summary expenditure limitations. The appropriations are effective on July 1 of each year. The Authority's Board of Commissioners gives final approval of the detailed budget prior to July 1 based on the appropriations.

Finance and Risk Management

Enterprise funds are used to account for proprietary fund type operations, similar to private business operations where the operating costs are funded through user charges. The Virginia Port Authority has one such enterprise fund within which all accounts are organized and accounted for as a single reporting entity. The Authority's primary source of funding for its operations is through the net revenues generated from terminal operations and subsequently transferred from VIT. Capital improvements are primarily funded through long-term debt and allocations of certain revenues collected by the Commonwealth.

Interest rates are near all-time lows and have allowed the restructure of some of our debt through refundings, saving millions of dollars over the future payments of the debt. The Authority is working to provide the most benefit to our citizens and customers at the least cost, and will continuously explore cost saving initiatives.

Certain statistical information included in the Comprehensive Annual Financial Report (CAFR) has not been obtained from the financial records of the Authority but is presented for the CAFR user's information and understanding of the Authority and the environment in which the Authority operates.

The Virginia Port Authority, together with its component unit (VIT), maintains a comprehensive risk management program, the purpose of which is the maximum protection of the assets, customers and employees of the Authority, and the reduction of the cost of risk through an innovative and professional risk management program. It is the intent of the Authority that it be protected against accidental loss or losses that would significantly affect Authority personnel, property or the ability of the organization to continue to fulfill its responsibilities. In accordance with the Service Agreement between VIT and the Authority, VIT maintains property and liability insurance on all terminal equipment and facilities. The Authority maintains property and liability insurance on non-terminal assets owned by the Authority. The Authority also maintains general liability, fiduciary liability, workers' compensation insurance and an umbrella policy.

Virginia Port Authority and the Economy

The Port's success has generated significant economic spin-off benefits to the Commonwealth. Annually, port-related business and activity directly and indirectly contribute to Virginia's economy and account for more than 374,000 jobs, $60.3 billion in spending, $17.5 billion in employee compensation, and $1.44 billion in state and local tax revenues. Since 2005, port-related announcements and expansions in Virginia have resulted in investments of well over $5 billion and have provided employment to over 19,000 people across the Commonwealth. Since 2005, port-related announcements and expansions in Hampton Roads have resulted in investments well over $1.2 billion and have provided employment to over 7,000 people. The Virginia Inland Port, located in Front Royal Virginia, has stimulated the attraction of some 39 warehousing and distribution centers near the Inland Port, providing a total investment of $748 million with over 8 million square feet of space together with employee levels of over 8,000 workers. Household names like Wal-Mart, Target, Ace Hardware, Lumber Liquidators, and Keurig Green Mountain have all set up distribution/manufacturing facilities in the Commonwealth in large measure due to the presence of a world class port facility and structure.

Long Term Financial Planning

Over the next twenty years, containerized cargo volume is expected to triple, far exceeding the current capacity of the port network in the U.S. The Port of Virginia has unique opportunities to meet this demand with the ability to further expand the VIG terminal, densify NIT, and develop a new container terminal on the eastward side of Craney Island. The Hampton Roads region is also beginning to mobilize around the opportunity to develop 20-60 million square feet of supporting distribution center space. The depth of our harbor, having the ability to accommodate the "post-Panamax" vessels and deep-draft container ships, makes The Port of Virginia a viable option for the changing flow of global freight traffic. Virginia is in the position to become the international gateway for the East Coast.

The VPA/VIT organization is unique in the industry and has a proven track record for success. For over 30 years, this structure resulted in phenomenal growth, benefiting not only Virginians but also the entire United States. The Authority and VIT have recently undertaken a major reorganization to re-engineer our operations to better serve our customers, while being a catalyst to economic expansion within the Commonwealth. We have been charged to develop The Port of Virginia into the primary gateway for international cargo transported through the Mid-Atlantic and Mid-West regions of the United States.

Major Initiatives

The VPA is dedicated to developing transportation infrastructure aimed at providing customers as many ways as possible for efficient and economical movement of cargo. One example is thrice-weekly barge service to the Port of Richmond, which takes trucks off the highways, cuts congestion and reduces emissions. Further, the VPA is investing in gate and rail infrastructure on-terminal and, where possible, advocating for regional rail projects that will benefit The Port of Virginia and the Commonwealth. The port is also focused on diversifying its cargo mix. Though the lion's share of the cargo will always be containerized, the port is handling more and more vehicles, paper and non-containerized goods. Additionally, the Authority has reorganized our Foreign Trade Zones (FTZ) into an Alternative Site Framework structure to enhance its ability to entice shipments of components for manufacturing and assembly. The foundation for all of this is the continual capital investment and ongoing maintenance at all of the VPA terminals. This program assures that port users will be moving their cargo through safe, modern and well-maintained facilities.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Virginia Port Authority for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the ninth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of the CAFR, as always, represents the combined effort of the entire Finance Division of the Virginia Port Authority and auditors at PBMares, LLP. Finally, we express our deepest appreciation to the members of the Virginia Port Authority Board of Commissioners for their continued guidance and leadership towards ensuring the fiscal integrity of the Virginia Port Authority.

Respectfully Submitted,

Rodney W. Oliver

Rodney W. Oliver
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Virginia Port Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

VIRGINIA PORT AUTHORITY

Norfolk, Virginia

BOARD OF COMMISSIONERS

John G. Milliken, Chairman

John N. Pullen, Vice Chairman

Jennifer D. Aument
Martin J. Briley
J. William Cofer
Alan A. Diamonstein
Gary T. McCollum

Val S. McWhorter
Faith B. Power
Kim Scheeler
Deborah C. Waters
F. Blair Wimbush

Manju S. Ganeriwala, State Treasurer
(ex-officio member of the Board)

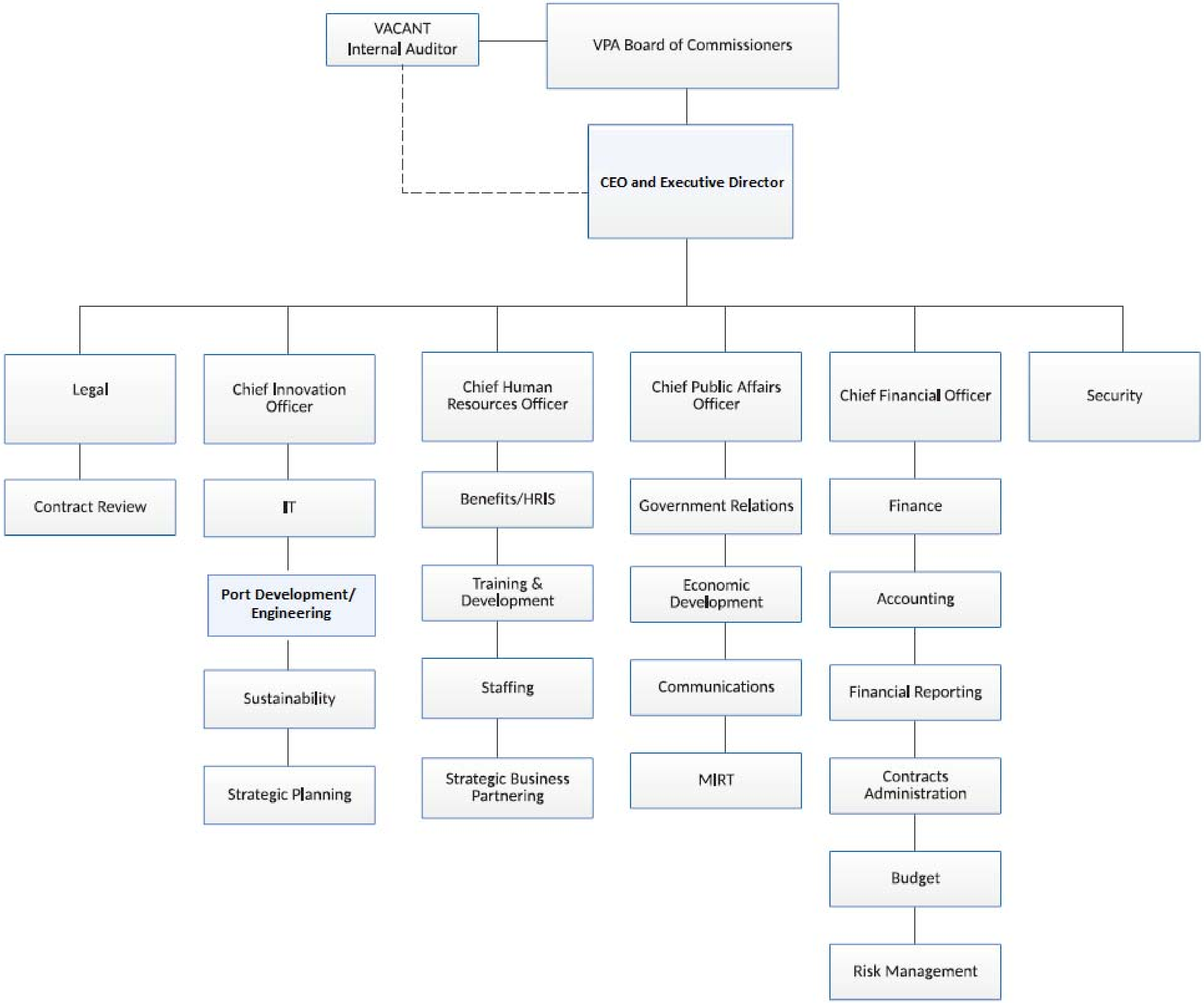
John F. Reinhart, CEO and Executive Director

Rodney W. Oliver, Chief Financial Officer
and Treasurer to the Board

Debra J. McNulty, Clerk/Secretary to the Board

Jodie L. Asbell, Deputy Clerk/Assistant Secretary to the Board

The Virginia Port Authority Organizational Alignment



6/30/2015


11
msc
msc
HARD HAT AREA
tex

PBMares

The Honorable Terry McAuliffe
Governor of Virginia

The Honorable John C. Watkins
Chairman, Joint Legislative Audit
and Review Commission

The Board of Commissioners
Virginia Port Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Virginia Port Authority (the Authority), a component unit of the Commonwealth of Virginia as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the Authority, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 and 18 to the financial statements, the Authority restated net position in accordance with implementing GASB Statement No. 68 and as the result of an error.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 19-28 and 98-103, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority’s basic financial statements. The accompanying schedules listed in the table of contents as introductory section, statistical section, and compliance section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory, statistical, and compliance sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
October 30, 2015

VIRGINIA PORT AUTHORITY
and
VIRGINIA INTERNATIONAL TERMINALS, LLC

(CONSOLIDATED)

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

(Unaudited)

Our discussion and analysis of the Virginia Port Authority's (the Authority's) financial performance provides an overview of the Authority's financial activities as of and for the fiscal year ended June 30, 2015 (FY2015), with selected comparative information for the fiscal year ended June 30, 2014 (FY2014). It should be read in conjunction with the Authority's accompanying financial statements and notes to financial statements. Virginia International Terminals, LLC (VIT) is presented in the Authority's financial statements as a discretely presented component unit to emphasize that it is legally separate from the Authority and that it serves or benefits those outside of the Authority. To the extent that the results of VIT contribute to the overall results as presented in the financial statements for the Authority (Total Business-Type Activities or "All Activities"), our discussion will include corresponding references accordingly.

ABOUT THE AUTHORITY

The Virginia Port Authority was established in 1952 as a political subdivision of the Commonwealth of Virginia for the purpose of stimulating commerce within the Commonwealth, through the promotion of the shipment of goods and cargoes through the ports, improvement of the navigable tidal waters within the Commonwealth, and in general engaging in any activity within the scope of its mission which may be useful in developing, improving, or increasing commerce of the ports of the Commonwealth. The Authority owns and is responsible for the operations and security of three marine terminals: Norfolk International Terminals (NIT), Portsmouth Marine Terminal (PMT), and Newport News Marine Terminal (NNMT), and an inland intermodal facility, the Virginia Inland Port (VIP) located in Front Royal, Virginia. The Authority is also responsible for the operations and security of two leased marine terminals: Virginia International Gateway (VIG), located in Portsmouth, Virginia and the Port of Richmond (RIC), located in Richmond, Virginia on the James River. These facilities primarily handle import and export containerized and break-bulk cargoes. VIT operates the majority of the terminals; the exception being the Port of Richmond, which is currently operated by another third-party.

A Board of Commissioners governs the Authority. The Board is composed of the State Treasurer, the Chief Executive Officer of the Virginia Economic Development Partnership, and 11 members appointed by the Governor. While the Commissioners remain on the Board at the continuing discretion of the Governor, they serve staggered five-year terms. Commissioners may serve a maximum of two consecutive terms.

FINANCIAL HIGHLIGHTS

- Net position for All Activities at June 30, 2015 was $484.7 million against total assets of $1,141.0 million ($1.1 billion).

- Net position for All Activities at June 30, 2015 increased by $42.0 million from June 30, 2014 before the cumulative effect of adopting GASB 68 and the prior period adjustment for capture of interest expense into Construction in progress. This increase was realized on the strength of FY2015 Operating income of $13.6 million, which was sufficient to offset non-operating expenses (principally interest expense) and result in Income before capital contributions and transfers of $1.0 million, plus a Commonwealth Port Fund allocation of $38.4 million.

- The Operating income result from All Activities for FY2015 punctuates a $30.5 million turnaround from the FY2014 Operating loss (as restated) of $16.9 million, and signifies the Port's recovery and realignment to the extent that it is positioned to resume investment activities to enhance capacity and other capabilities.

- The Operating income recovery was principally due to a 9% increase in container moves between FY2015 and FY2014. The FY2015 operating result improvement was principally due to the capture of higher revenues associated with the increase in container movements and the control of expense increases for the fiscal year, part of a strategy designed to return the Authority and its component unit to a self-sustaining dynamic.

OVERVIEW OF THE FINANCIAL STATEMENTS

Governmental accounting policy, practice and procedures fall under the auspices of the Governmental Accounting Standards Board (GASB). The Authority's financial transactions and subsequent statements are prepared according to the GASB Statement 34 reporting model, as mandated by GASB. The purpose of the GASB 34 reporting model is to consolidate two basic forms of governmental accounting, governmental operations (such as municipalities) and proprietary operations (those entities which generate their own revenues and therefore are similar to a private business such as the Authority), into statements that give the reader a clearer picture of the financial position of the government as a whole. The Authority is considered a proprietary form of government and its specific financial transactions are recorded in a single Enterprise Fund.

As stated above, the Authority operates as a single Enterprise Fund with one component unit, Virginia International Terminals, LLC (VIT). The financial statements are prepared on the accrual basis of accounting, therefore revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated over the useful lives of the respective assets (except for land, which is not depreciated). Please refer to Note 1 in the accompanying notes to the financial statements for a summary of the Authority's significant accounting policies. Following this MD&A are the basic financial statements and required supplementary information of the Authority. These statements and the statistical information, along with the MD&A are designed to provide readers with a more complete understanding of the Authority's finances.

The financial section of this annual report consists of three parts: MD&A, the basic financial statements, and notes to the financial statements. The report includes the following three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position presents the consolidated financial position of the Authority and VIT at the end of the fiscal year. The statement includes all assets and liabilities of the Authority and its component unit. Net position, the difference between total assets and deferred outflows and total liabilities and deferred inflows, is an indicator of the current fiscal health of the organization and the Authority's financial position over time.

A condensed summary of the consolidated assets and deferred outflows, liabilities and deferred inflows, and net position at June 30, 2015 and 2014, respectively, follows:

Net Position (All Activities)

(USD millions)

	2015	(restated) 2014	Increase/ (Decrease)
ASSETS			
Current assets	$ 307.9	$ 208.5	$ 99.4
Capital assets	774.9	788.9	(14.0)
Other long-term assets	52.4	66.5	(14.1)
Total assets	1,135.2	1,063.9	71.3
DEFERRED OUTFLOWS OF RESOURCES	5.8	5.3	0.5
Total assets and deferred outflows of resources	1,141.0	1,069.2	71.8
LIABILITIES			
Current liabilities	75.3	73.4	1.9
Noncurrent liabilities	578.5	553.2	25.3
Total liabilities	653.8	626.6	27.2
DEFERRED INFLOWS OF RESOURCES	2.5	-	2.5
Total liabilities and deferred inflows of resources	656.3	626.6	29.7
NET POSITION			
Net Investment in capital assets	241.4	269.9	(28.5)
Restricted	50.9	52.0	(1.1)
Unrestricted	192.4	120.7	71.7
Total net position	$ 484.7	$ 442.6	$ 42.1

ASSETS

The increase in Current Assets is due principally to $65.3 million in restricted cash related to unused bond proceeds associated with the issuance in June 2015 of debt supported by Commonwealth Port Fund (CPF) revenues. Other increases to current assets include a $23.6 million increase in trade receivables principally related to higher year over year volumes, and $11.2 million in higher unrestricted Cash and Cash Equivalents, related to higher cash balances associated with timing and the year over year turnaround.

Gross capital assets increased marginally year over year, as a result of the operational focus of the Authority and its component unit during the year compared to further infrastructure development. Capital assets as of July 1, 2014 increased by $28.7 million as a result of the recapture of prior year's interest expense associated with certain projects included in construction in progress. During FY2015, net book value of capital assets decreased by $14.0 million as a result of $32.7 million in incremental investment, offset by $46.7 in annual depreciation expense. See the notes to the financial statements for further discussion.

The decrease in other long-term assets is mostly the result of the full implementation of GASB Statement 68 - Accounting and Financial Reporting for Pensions for FY2015, which required the de-recognition of pension assets and the recognition of a net pension liability based on the differences between the plan's total pension liability and the plan's fiduciary net position. Further discussion of the implementation can be found in the footnotes to the respective entities' financial statements.

LIABILITIES

Current liabilities were essentially flat year over year. A $9.6 million increase in trade payables related principally to the higher volumes was mostly offset by $3.2 million in lower interest and current debt payable resulting from debt refinancing activity (discussed further below), and $2.2 million in lower securities lending obligations at June 30, 2015.

The addition to debt from the issuance in June 2015 of Commonwealth Port Fund (CPF) Revenue Bonds (par value of $58.7 million sold at a premium of $6.7 million), net of the reduction in debt from the refundings of 2003, 2006 and 2007 Port Facilities Revenue Bonds, and regularly scheduled principal payments in the amount of $14.8 million, were the primary factors in the increase in Noncurrent liabilities of $25.3 million year over year. This increase was partially offset by the restatement of FY2014 retirement liabilities associated with the full adoption of GASB Statement 68. Please see below for further discussion of long-term debt and the notes to the financial statements for further discussion of the adoption of GASB Statement 68.

NET POSITION

Net investment in capital assets represents the land, buildings, infrastructure, improvements, and equipment, etc., less the related debt outstanding used to acquire those capital assets. This portion of net position declined principally as the result of incremental depreciation expense over the net investment and incremental debt issuance during the fiscal year. These capital assets are the industrial base for the provision of services to major steamship lines and their agents for movement of maritime cargo. It should, therefore, be noted for liquidity purposes that, although the Authority's investment in capital assets reported is shown net of related debt, the resources required to repay this debt must be provided annually from operations and appropriation, since the capital assets themselves generally are not monetized to liquidate liabilities.

Net position - restricted represents resources – principally cash and investments - that are subject to external restrictions on how they can be used under bond resolutions and related covenants. The balance is relatively flat year over year, as amounts required to be retained as security for debt service requirements have not significantly changed.

The remaining unrestricted net position may be used to fund the Authority's other ongoing obligations and initiatives. The increase year over year is attributable to the increase in trade receivables from higher volumes and higher cash and equivalents not restricted for debt service.

Statement of Revenues, Expenses, and Changes in Net Position

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the results of operations and can be used to determine whether the fiscal condition has improved or worsened during the year. A condensed summary of the Authority's consolidated revenues, expenses, and changes in net position related to All Activities for the fiscal years ended June 30, 2015 and 2014, follows:

Revenues, Expenses, and Changes in Net Position (All Activities)

(USD Millions)

(Before cumulative impact of GASB Adjustment)

	2015	(restated) 2014	Increase/ Decrease
Operating revenues	$ 456.2	$ 396.6	$ 59.6
Operating expenses	442.6	413.5	29.1
Operating earnings (loss)	13.6	(16.9)	30.5
Non-operating expenses, net	12.7	15.6	(2.9)
Income (loss) before capital contributions and transfers	0.9	(32.5)	33.4
Capital contributions and transfers:			
Commonwealth port fund allocation	38.4	36.7	1.7
Capital contribution from Component Unit	2.7	-	2.7
Increase in net position	$ 42.0	$ 4.2	$ 37.8

The majority of the Port's funding sources comes from terminal operating revenues earned by VIT (89%), which funds terminal operations/maintenance, G&A, and payment of terminal revenue debt service; and commonwealth port fund revenue (8%) appropriated from the Transportation Trust Fund (reflected as a capital contribution), which is generally restricted in purpose to enhancement/major maintenance of the Authority's terminal facilities through direct reimbursement or service of debt supported by the commonwealth port fund allocation. The remaining funding sources (3%) come from a combination of state and federal grants earned for specific projects/purposes and certain fees levied by the Authority to support specific programs (for example, port security fees).

The increase in FY2015 Operating Revenues was driven principally by the 123 thousand unit (9%) increase in port container movement year over year. The resulting higher terminal utilization also influenced corresponding increases to other operating revenues such as demurrage and empty storage, as well as the cessation of certain incentive programs. The reactivation of Portsmouth Marine Terminal (PMT) enabled the accommodation of the higher volumes, as well as provided for additional stevedore revenues related to new services calling the Port. Chassis revenues (a component of terminal operating revenues) increased approximately 21% as a result of additions to the available fleet and rate increases implemented during the year to recover related expenses and adjust rates to the surrounding markets.

The increased operating activity resulted in an overall 7% increase to Operating Expenses. Terminal Operations expense increased 12% principally related to higher labor and stevedoring costs associated with the higher container volumes. Overall terminal maintenance expenses were basically flat in FY2015 as a result of higher costs associated with the reactivation of PMT and costs to maintain vehicles and cranes at VIG and NIT being mostly offset by lower expense from the reversal of certain obsolescence reserves associated with the reactivation of idle inventory/equipment at PMT and other expense control measures. General and Administrative expenses increased by 7% on a consolidated basis as a result of information technology enhancement and support projects undertaken by VIT, as well as the hiring of staff to fill vacancies needed to address the higher facility utilization. Facilities rental expense increased 6% year over year primarily as a result of the level of incremental rent cost incurred related to higher volumes moved through leased facilities.

Statement of Cash Flows

The Statement of Cash Flows provides information about the cash receipts and cash payments during the reporting period. The statement reports this activity in the context of operating, investing and financing activities, and provides insight as to the major sources and uses of cash applicable to the fiscal year. A condensed summary of the Statement of Cash Flows for the fiscal years 2015 and 2014, respectively, follows:

Condensed Statement of Cash Flows (All Activities)

(USD Millions)

	2015	2014	Increase/ (Decrease)
Cash flow from operating activities	$ 28.9	$ 28.8	$ 0.1
Cash flow from noncapital financing activities	2.7	(0.2)	2.9
Cash flow from capital and related financing activities	30.9	(22.7)	53.6
Cash flow from investing activities	7.5	7.8	(0.3)
Net increase in cash and cash equivalents	70.0	13.7	56.3
Cash and cash equivalents			
Beginning of year	152.4	138.7	13.7
End of year	$ 222.4	$ 152.4	$ 70.0

Cash flow from operating activities was flat year over year. Higher operating income was offset by increases in non-cash working capital balances at June 30, 2015 such as receivables, inventories, prepaids, etc. Cash flow from capital and related financing activities is $54 million higher year over year due principally to the incremental borrowing associated with the Commonwealth Port Fund Revenue Bond offering in June 2015. Cash flow from investing activities continues to reflect net liquidations of investments as bond proceeds from prior year issuances are utilized for applicable projects. Due to the proximity of the June 2015 bond offering to the fiscal year end, the proceeds related to the June 2015 offering were still in cash and not yet invested.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The investment in capital assets for All Activities at June 30, 2015, carried at historical cost less accumulated depreciation, primarily includes land, buildings, wharves, roads, drainage and lighting systems, and equipment.

The Authority recaptured approximately $31 million (before accumulated depreciation) in previously reported interest expense through FY2014 as a prior period adjustment (see note 17 in the notes to the financial statements). This adjustment was the result of recalculating the historical cost of applicable assets through June 30, 2014 based on the application of interest expense to the average amount of construction in progress during the previous fiscal years rather than to the incremental investment made during the applicable fiscal year. The result, net of accumulated depreciation, was an increase to beginning Net Position as of July 1, 2015 of $28.7 million, which will be depreciated over the remaining useful lives of the respective assets.

Significant investment activity during FY2015 includes the following projects:

- NIT
    - Completion of South Gate and Central Rail Yard Improvements
    - Continuing investment in North Container Lot expansion, Rail portal improvements, and commencement of the North Entry Gate project

- VIG
    - Completion of certain shuttle truck and utility rig refurbishments
    - Continuing investment in further utility rig refurbishments and the expansion of container staging space on the terminal
- PMT
    - Completion of reactivation investments and addition of top loaders, utility rigs and enhanced rail and lighting capability
- Craney Island
    - Continuation of the Eastward expansion and Cross dike development

During FY2015, the Authority incrementally invested approximately $36.7 million related to the above and other projects for All Activities, and placed $39.8 million worth of projects (some of which were already recorded in construction in progress) into service upon completion.

More details on capital asset activities can be found in the footnote disclosures to the financial statements.

Debt and Capital Lease Obligations

Commonwealth Port Fund Revenue bonds issued in 2006, 2011, 2012 and 2015 are supported by the Authority's 4.2% allocation of the Commonwealth's Transportation Trust Fund. The bonds are also backed by a sum sufficient appropriation from the Commonwealth and carry underlying ratings of AA+ from Fitch Ratings, Inc., an AA+ rating from Standard and Poor's, and an Aa1 rating from Moody's Investor Services.

Port Facilities Revenue bonds issued in 2007, 2010, 2013 and 2015 are supported by terminal revenues and insurance policies and carry underlying ratings of A+ from Fitch Ratings, Inc., A+ from Standard and Poor's, and an Aa3 underlying rating from Moody's Investor Services. The Authority's bond covenants require that revenues available to pay debt service, as defined in the bond resolution, exceed 110% and 135% of the annual debt service amount. The debt service coverage test for fiscal year 2015 was exceeded.

At June 30, 2015, the Authority had $545.4 million in outstanding debt, excluding issuance premiums and deferred items. Of this amount, $521.6 million is in the form of revenue bonds issued by the Authority and $23.8 million in capitalized lease obligations.

In March of 2015, the Authority refunded its Port Facilities Revenue Bonds, series 2003, Port Facilities Revenue Bonds, series 2006, and Port Facilities Revenue Bonds, series 2007, having an aggregate par amount of $148.8 million and an average coupon of 4.90% for Port Facilities Revenue Refunding Bonds Series 2015 at an average par amount of $141.9 million and an average coupon of 4.56%. The refunded bonds were sold at a combined premium of $11.2 million. The present value of expected savings from the refunding transactions is $14.7 million over the approximate 14 year average life of the issued debt.

In June of 2015, the Authority completed the offering of Commonwealth Port Fund Revenue Bonds. The bonds carried a par value of $58.7 million and sold for a premium of $6.7 million based on an average coupon of 5.0%. The purpose of the offering is to finance continuing and incremental facilities development and enhancement at NIT, PMT, VIP and RIC.

More details on long-term debt can be found in the footnote disclosures to the financial statements.

ECONOMIC AND OTHER FACTORS

Many of the Authority's capital projects, either directly, or indirectly through bond issues, are funded from the Commonwealth of Virginia's Transportation Trust Fund. The Authority receives 4.2% of Transportation Trust Fund collections, which are revenues generated primarily by state motor vehicle fuel and sales taxes. Trust Fund collections are subject to the economic conditions existing throughout the Commonwealth, and are not controlled by the Authority. Accordingly, while this funding source has proven to be historically stable and is expected to remain relatively so, it should be expected to vary from year to year.

On July 6, 2010, per an agreement between the Virginia Port Authority (lessee), APM Terminals Virginia, Inc. (lessor), Virginia International Terminals, LLC. (operator) and APM Terminals North America, Inc. (owner), APM Terminals in Portsmouth, Virginia, became a facility under the umbrella of the Authority. Lease commitments per those agreements extend to June 30, 2030. In July 2014, the facility was sold by APM Terminals North America, Inc. to a consortium of private investors and the facility was renamed Virginia International Gateway, with the original lease terms continuing.

The Authority began leasing the Port of Richmond in July 2011, and in March 2015 assumed responsibility for management of the James River Barge Line with the purpose of optimizing marine highway alternatives and broadening the economic footprint of port activities in the Commonwealth. In September 2015, the Richmond City Council approved a proposal that will allow the Authority to lease and operate the terminal for the next 40 years, enabling further development of logistics channels and corresponding opportunities seen in the region. The Authority continues actively seeking grants to support funding of these ventures as well as other projects to increase security, or lessen the environmental impact of, related logistics activities.

Global recovery continues and the Authority's volumes are indicative of this trend. Container movements for the first fiscal quarter of 2016 were nearly 5% higher than the same quarter in FY2015. Based on economic trends, this level of utilization is expected to become the "new norm," and accordingly the Authority is evaluating alternatives to most appropriately match future capacity to future demand. Opportunities exist each at VIG, NIT, and over the longer term at Craney Island, and are expected to also include maintenance of harbor depth commensurate with the size of vessels calling the port facilities. The Authority expects capacity adjustment to be financed through a combination of existing bond proceeds, state and federal funding, additional borrowings to the extent supported by the revenue base, or other methods within the scope of the Authority which are consistent with alternatives permitted by its debt covenants.

This document, including the attached letters and commentary, may contain discussion or statements that might be considered by a reader to be forward looking – that is, related to future, not past, events. Forward-looking statements by their nature contain degrees of uncertainty. Various risks and uncertainties, such as those included in the notes to the financial statements, may cause actual future results or actions to be materially different than those that may be indicated by any of our forward-looking statements. Such statements reflect opinions and indications as of the date of this report, and we are not obligating ourselves to revise or publicly release the results of any revision to such forward-looking statements in light of new information or future events.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, customers, and investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money we receive. If you have any questions about this report or need additional financial information, contact the Authority's Finance Division at 600 World Trade Center, Norfolk, VA 23510-1679.

VIRGINIA PORT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government	Component Unit		
	Authority	**Virginia International Terminals, LLC**	**Eliminations**	**Total Business-Type Activites**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 65,967,547	$ 15,787,806	$ -	$ 81,755,353
Restricted assets:				
Cash and cash equivalents [Note 2]	88,943,169	14,393,273	-	103,336,442
Investments [Note 2]	-	228,661	-	228,661
Investments held by Treasurer of VA	192,414	-	-	192,414
Accounts receivable, net	47,473	88,286,236	-	88,333,709
Due from other governments [Note 4]	7,368,730	-	-	7,368,730
Due from component unit	3,364,110	-	(3,364,110)	-
Inventories	-	17,495,054	-	17,495,054
Prepaid expenses and other [Note 5]	2,859,302	6,378,201	-	9,237,503
Total current assets	168,742,745	142,569,231	(3,364,110)	307,947,866
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents [Note 2]	37,324,840	-	-	37,324,840
Investments [Note 2]	13,820,300	1,277,738	-	15,098,038
Bond insurance costs, net	32,015	-	-	32,015
Non-depreciable capital assets [Notes 6 & 17]	213,852,691	-	-	213,852,691
Depreciable capital assets, net [Notes 6 & 17]	539,806,071	21,228,029	-	561,034,100
Total noncurrent assets	804,835,917	22,505,767	-	827,341,684
Total Assets	973,578,662	165,074,998	(3,364,110)	1,135,289,550
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources [Note 1]	5,753,494	-	-	5,753,494
Total assets and deferred outflows of resources	$ 979,332,156	$ 165,074,998	$ (3,364,110)	$ 1,141,043,044

The accompanying Notes to the Financial Statements are an integral part of this statement.

VIRGINIA PORT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government	Component Unit		
	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activites
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	$ 8,807,468	$ 24,531,472	$ -	$ 33,338,940
Interest payable	7,946,384	-	-	7,946,384
Retainage payable	221,887	-	-	221,887
Long-term debt - current portion [Notes 7 & 8]	23,497,753	-	-	23,497,753
Compensated absences - current portion [Note 7]	865,074	1,475,782	-	2,340,856
Payroll withholdings	-	6,010,556	-	6,010,556
Obligations under securities lending	1,993,157	-	-	1,993,157
Due to Primary Government	-	3,364,110	(3,364,110)	-
Total current liabilities	43,331,723	35,381,920	(3,364,110)	75,349,533
Noncurrent liabilities:				
Long-term debt [Notes 7 & 8]	545,395,498	-	-	545,395,498
Compensated absences [Note 7]	12,087	2,124,655	-	2,136,742
Workers' compensation costs [Note 14]	-	1,690,033	-	1,690,033
Accrued pension and OPEB obligations [Notes 11 & 12]	3,929,495	12,101,664	-	16,031,159
Other noncurrent liabilities [Note 10]	13,277,025	-	-	13,277,025
Total noncurrent liabilities	562,614,105	15,916,352	-	578,530,457
Total Liabilities	605,945,828	51,298,272	(3,364,110)	653,879,990
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources [Note 1 & 11]	883,362	1,597,608	-	2,480,970
Total liabilities and deferred inflows of resources	606,829,190	52,895,880	(3,364,110)	656,360,960
NET POSITION				
Net Investment in Capital Assets	220,108,646	21,228,029	-	241,336,675
Restricted for:				
Debt service	35,065,073	-	-	35,065,073
Port improvement and maintenance	-	15,883,135	-	15,883,135
Unrestricted	117,329,247	75,067,954	-	192,397,201
Total net position	372,502,966	112,179,118	-	484,682,084
Total liabilities, deferred inflows of resources and net position	$ 979,332,156	$ 165,074,998	$ (3,364,110)	$ 1,141,043,044

The accompanying Notes to the Financial Statements are an integral part of this statement.

VIRGINIA PORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2015

	Primary Government	Component Unit		
	Authority	**Virginia International Terminals, LLC**	**Eliminations**	**Total Business-Type Activites**
Operating Revenues:				
Terminal operating revenues	$ -	$ 440,841,866	$ -	$ 440,841,866
Other revenues	9,147,626	-	-	9,147,626
Other revenues - grants	6,179,493	-	-	6,179,493
Operating revenues from component unit	94,845,407	-	(94,845,407)	-
Total operating revenues	110,172,526	440,841,866	(94,845,407)	456,168,985
Operating Expenses:				
Terminal operations	1,132,625	196,993,608	-	198,126,233
Terminal maintenance	8,936,463	83,801,070	-	92,737,533
General and administrative	19,213,457	30,105,044	-	49,318,501
Facility rental [Notes 9 & 19]	55,679,447	-	-	55,679,447
Depreciation and amortization	42,653,783	4,040,057	-	46,693,840
Payments to Primary Government	-	94,845,407	(94,845,407)	-
Total operating expenses	127,615,775	409,785,186	(94,845,407)	442,555,554
Operating income (loss)	(17,443,249)	31,056,680	-	13,613,431
Non-operating revenues (expenses)				
Interest income	441,454	17,678	-	459,132
Interest expense	(14,160,492)	-	-	(14,160,492)
Bond Issue Costs	(1,024,231)	-	-	(1,024,231)
Revenues from Federal Government	740,452	-	-	740,452
Revenues/Expenses (Primary Government)	1,324,350	-	-	1,324,350
Total non-operating revenue (expenses), net	(12,678,467)	17,678		(12,660,789)
Income (loss) before capital contributions and transfers	(30,121,716)	31,074,358	-	952,642
Capital contributions				
Commonwealth Port Fund allocation	38,418,111	-	-	38,418,111
Capital contributions (to) from component unit	(189,807)	2,854,807	-	2,665,000
Increase in Net Position	8,106,588	33,929,165	-	42,035,753
Cumulative Impact of GASB Equity Adjustment [Note 18]	(7,170,405)	(22,745,158)	-	(29,915,563)
Prior Period Adjustment [Note 17]	28,658,083	-	-	28,658,083
Increase in Net Position after Adjustments	29,594,266	11,184,007	-	40,778,273
Net Position - Beginning of Year	342,908,700	100,995,111	-	443,903,811
Net Position - End of Year	$ 372,502,966	$ 112,179,118	$ -	$ 484,682,084

The accompanying Notes to the Financial Statements are an integral part of this statement.

VIRGINIA PORT AUTHORITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2015

	Primary Government	Component Unit		
	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
Cash flows from operating activities:				
Receipts from customers and users	$ 107,066,788	$ 419,672,812	$ (94,845,407)	$ 431,894,193
Receipts from operating grants	6,179,493	-	-	6,179,493
Payments for operating expenses	(84,868,334)	(194,612,206)	-	(279,480,540)
Payments to employees	(9,143,971)	(120,502,271)	-	(129,646,242)
Net cash provided by operating activities	**19,233,976**	**104,558,335**	**(94,845,407)**	**28,946,904**
Cash flows from noncapital financing activities:				
Transfer to Primary Government	(176,990)	(107,413,793)	110,275,428	2,684,645
Net cash provided by (used in) noncapital financing activities	**(176,990)**	**(107,413,793)**	**110,275,428**	**2,684,645**
Cash flows from capital and related financing activities:				
Proceeds from long-term debt [Notes 7 & 8]	65,279,912	-	-	65,279,912
CPF Contribution	38,375,790	-	-	38,375,790
Acquisition of capital assets	(26,241,382)	(6,983,337)	-	(33,224,719)
Principal paid on revenue bonds	(14,840,000)	-	-	(14,840,000)
Principal paid on installment purchases	(9,499,327)	-	-	(9,499,327)
Interest paid on long-term debt	(16,417,950)	-	-	(16,417,950)
Bond Issue Costs	(1,024,231)	-	-	(1,024,231)
Receipts and Payments for Commonwealth Rail relocation	(2,730)	-	-	(2,730)
Transfer from primary government	1,500,193	-	-	1,500,193
Capital Transfer to component unit	(6,825)	-	-	(6,825)
Capital Transfer from component unit	6,825	(6,825)	-	-
Proceeds from primary govt or other state agencies	3,877	-	-	3,877
Proceeds from federal government	740,452	-	-	740,452
Proceeds from sale of capital assets	-	11,715	-	11,715
Related party advances	-	15,430,021	(15,430,021)	-
Net cash provided by capital and related financing activities	**37,874,604**	**8,451,574**	**(15,430,021)**	**30,896,157**
Cash flows from investing activities:				
Proceeds from sales and maturities	13,105,499	1,613,797	-	14,719,296
Purchases of investments	(7,772,143)	-	-	(7,772,143)
Interest and dividends received	441,454	106,717	-	548,171
Net cash provided by investing activities	**5,774,810**	**1,720,514**	**-**	**7,495,324**
Net increase in cash and cash equivalents	62,706,400	7,316,630	-	70,023,031
Cash and cash equivalents at beginning of year	129,529,156	22,864,449	-	152,393,605
Cash and cash equivalents at end of year	**$192,235,556**	**$30,181,079**	**$ -**	**$222,416,635**

Noncash capital and financing activities:

In March, the Authority issued Port Facilities Revenue Refunding bonds to refund in full or partially, debt issued in 2003, 2006 and 2007. The proceeds were placed in an irrevocable trust for the defeasance of $15,295,000, $80,820,000 and $52,715,000, respectively, of outstanding revenue bond principal and related accrued interest.

The accompanying Notes to the Financial Statements are an integral part of this statement.

VIRGINIA PORT AUTHORITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2015

	Primary Government	Component Unit		
	Authority	**Virginia International Terminals, LLC**	**Eliminations**	**Total Business-Type Activites**
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income/(loss)	$ (17,443,249)	$ 125,902,088	$ (94,845,407)	$ 13,613,432
Adjustments to reconcile earnings to net cash provided by operating activities:				
Depreciation and amortization	42,653,783	4,049,011	-	46,702,794
(Gain) loss on disposal of capital assets	-	196,241	-	196,241
Interest income	-	(106,717)	-	(106,717)
Realized and unrealized loss on investments	-	76,061	-	76,061
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	835,249	(25,042,797)	-	(24,207,548)
(Increase) decrease in inventories	-	(4,327,072)	-	(4,327,072)
(Increase) decrease in prepaid expenses	(2,262,652)	(803,250)	-	(3,065,902)
(Increase) decrease in other noncurrent assets	(45,124)	(1,669,807)	-	(1,714,931)
Increase (decrease) in accounts payable	3,098,571	5,372,265	-	8,470,836
Increase (decrease) in accrued expenses	(5,917,558)	1,589,273	-	(4,328,285)
Increase (decrease) in short-term liabilities	(2,126,786)	-	-	(2,126,786)
Increase (decrease) in long-term liabilities	441,742	(676,961)	-	(235,219)
Net cash provided by operating activities	**$ 19,233,976**	**$ 104,558,335**	**$ (94,845,407)**	**$ 28,946,904**

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

(including Component Unit Virginia International Terminals, LLC)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Virginia Port Authority ("the Authority" or "VPA") was established in 1952, as a political subdivision of the Commonwealth of Virginia, for the purpose of performing any act or function which may be useful in developing, improving, or increasing the commerce of the ports of the Commonwealth. A Board of Commissioners composed of 13 members oversees the Authority. The Board consists of the State Treasurer, the Chief Executive Officer of the Virginia Economic Development Partnership, and 11 members appointed by the Governor, subject to confirmation by the General Assembly, who shall serve at the discretion of the Governor. The Authority's major activities are developing water transportation facilities; providing security services; maintaining ports, facilities, and services; providing public relations and domestic and international advertising; and, developing Virginia's ports through cargo solicitation and promotion throughout the world.

Virginia International Terminals, Inc. was incorporated as a non-stock, nonprofit corporation on June 30, 1981, for the purpose of operating marine terminals controlled by the Authority through ownership, lease or other means. Effective August 17, 2013, Virginia International Terminals, Inc. converted from a nonprofit, non-stock corporation to a single-member limited liability company with VPA as the sole member of the Company. As a result, the Authority has determined that Virginia International Terminals, LLC (VIT) should be included in the Authority's financial statements as a discretely presented component unit. As a component unit, VIT is a legally separate organization that serves or benefits those outside the Authority, but for which the Authority, as the primary institution, is financially accountable or closely related. VIT's audit report can be obtained by contacting the Director of Financial Reporting at 1431 Terminal Blvd, Norfolk, VA 23505.

The Authority is a component unit of the Commonwealth of Virginia. A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities meeting the component unit definition. The Authority is an integral part of the reporting entity of the Commonwealth of Virginia; accordingly, all funds of the Authority are included in the financial statements of the Commonwealth as a part of the reporting entity.

Basis of Accounting

The activities of the Authority are accounted for as an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Accounting - continued

The Authority prepares its financial statements on the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America, which provides that revenues are recorded when earned and expenses are recorded when incurred. Grants are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

Use of Estimates

The Authority prepares its financial statements in conformity with generally accepted accounting principles in the United States of America, which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Authority considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Authority invests available cash balances in conformity with the guidelines of the State of Virginia.

Investments

All investments of the Authority are reported at fair value.

Accounts Receivable

Accounts receivable represent amounts billed to customers for services. Management believes these amounts are fully collectible and no allowance has been recorded as of June 30, 2015 for the Authority. VIT utilizes the allowance method for doubtful accounts. Accounts receivable are shown net of the allowance for doubtful accounts of $5,279,002 as of June 30, 2015 for VIT.

Inventory

The Authority purchases supplies on an as needed basis. Inventories of VIT consist of supplies and equipment parts and are reported using the moving average unit cost method. An inventory allowance has been established for parts identified as obsolete or to be disposed of within the next 12 months. The VIT allowance for inventory totaled $137,374 at June 30, 2015.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets

Capital assets are generally assets with an initial cost of $5,000 or more and an estimated useful life in excess of two years. Capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Capital assets are comprised of land, buildings, infrastructure, other improvements, equipment, and construction in progress. Infrastructure assets are considered capital assets that can be preserved for a significantly greater number of years than most capital assets. Examples include roads, wharves, dredging, lighting and drainage systems.

Depreciation on capital assets is computed on the straight-line method over the estimated useful lives of the assets as follows:

Buildings	3 - 41 years
Improvements	5 - 50 years
Infrastructure	4 - 41 years
Equipment	3 - 28 years

The cost for maintenance and repairs is charged to operations as incurred. When items are retired or otherwise disposed of, the related costs and accumulated depreciation are derecognized from the accounts and any resulting gain or loss on such dispositions is reflected in non-operating revenues or expenses.

Interest costs associated with the construction of the Authority's capital assets are capitalized and reflected as part of the cost of the asset. Interest cost incurred is netted with interest income and the net interest cost is charged to the assets under construction for projects financed by tax exempt borrowings and externally restricted to specific assets. Projects funded entirely by a specific borrowing receive the effective interest rate on that borrowing. Projects funded by multiple borrowings receive interest based on the weight average interest rate of all Authority borrowings. No interest is capitalized on projects funded (in part or in whole) by federal grants. Interest capitalized for the fiscal year ended June 30, 2015 was approximately $5.0 million.

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. If determined to be permanently impaired, capital assets are reported at the lower of carrying or fair value. Any insurance recoveries associated with events leading to an asset impairment are netted against impairment losses. The Authority did not maintain any impaired assets as of June 30, 2015.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Long-Term Obligations

Long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount with allowable refunding gains or losses recorded as deferred inflows and outflows of resources as required by GASB Statement No. 65. Bond issuance costs are expensed as incurred with the exception of bond insurance costs which are reported as other assets and amortized over the term of the related debt also in accordance with GASB Statement No. 65.

Compensated Absences

Compensated absences represent the amounts of paid time off (PTO) and legacy leave earned by employees of the Authority, but not taken at June 30, 2015. On January 1, the Authority converted the employees' earned but not used compensated absence balances as of December 31, 2014 into a new Legacy Leave Bank. Legacy Leave is available for use as paid time off until December 31, 2019. Balances remaining unused at January 1, 2020 will be frozen to use. Legacy Leave may be paid out upon termination based on an employee's December 31, 2014 wage rate times the then current balance or 160 hours, whichever is less.

Additionally, modifications to the current PTO policy require that any unused PTO in excess of 40 hours be forfeited at the end of each calendar year. Up to forty hours of earned but unused PTO at the end of a calendar year may be carried over into the next calendar year for use within the next 6 months. At June 30, all prior year earned but unused PTO balances will be forfeited. Balances are earned on a quarterly basis but available for use on January 1 each year. PTO used in excess of amounts actually earned at termination are to be repaid to the Authority. At June 30, 2015, the Authority had a liability of $877,161 representing the accrued benefits plus associated taxes.

Budgets and Budgetary Accounting

The Appropriation Act as enacted by the General Assembly of Virginia established the Authority's budget for the year ended June 30, 2015. No payments can be made out of the state treasury except in pursuance of appropriations made by law.

Restricted Assets

Restricted assets are utilized in accordance with the restrictions placed upon the resources. When a cost is incurred, for which both restricted and unrestricted assets are available, management determines on an individual basis how resources are allocated.

Cost of Issuance

Issuance costs are expensed when incurred unless they relate to bond insurance which is record as a deferred outflow of resources. Amortization expense for the year ended June 30, 2015 was $45,124 and included only bond insurance costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Net Position

The Authority records net position that is subject to external restrictions based on individual agreements. The restrictions are established by the Authority's governing jurisdictions. The restricted net position may include the Authority's advance contributions for future construction and amounts held for debt service payments.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures) until consumption. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. At June 30, 2015, the Authority had $5,753,494 of deferred outflows of resources; $211,412 were pension-related with the balance, $5,542,082 being bond-related.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that period. At June 30, 2015, the Authority had deferred inflows of resources for the stand-alone pension plan of $766,362 and $117,000 for the multiple-employer pension plan.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For the stand-alone plan and the multiple employer plan, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Pension Liability

The Authority's stand-alone net pension liability was measured as of July 1, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2014 using updated actuarial assumptions, applied to all periods included in the measurement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -continued

Net Pension Liability-concluded

The Authority's multiple-employer plan's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Operating vs. Non-operating

Operating revenues and expenses generally result from providing services in connection with ongoing operations. The principal revenue for the Authority is funds collected from VIT in accordance with a service agreement. The Authority also recognizes other operating revenue in the form of rents, license agreements, and charges for services. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Depreciation and amortization for the Authority and VIT are expressed as individual line items within the VPA statements, as an operating expense.

Investment Income

Interest income, including net realized and unrealized gains or losses on investment transactions and investment expenses, is recorded as non-operating revenue.

Recently Issued Accounting Pronouncements

GASB Statement No. 68 *Accounting and Financial Reporting for Pensions--an amendment of GASB Statement No. 27,* replaces the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of GASB Statement No. 50 *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of GASB Statement No. 27 and GASB Statement No. 50 remain applicable for pensions that are not covered by the scope of this Statement. The requirements of GASB Statement No. 68 are effective for fiscal year 2015. Implementation of this statement resulted in a $7.17 million reduction in beginning balance net position on the Authority's financial statement and $22.7 million for VIT.

GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of GASB Statement No. 69 are effective for fiscal year 2015. This statement did not have a material impact on the Authority's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -concluded

Recently Issued Accounting Pronouncements – concluded

GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* is an amendment of GASB Statement No. 68 and has been applied simultaneously with the provisions of GASB Statement No. 68. This Statement allows that, at transition, a government recognizes a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

GASB Statement No. 72 *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. This Statement defines fair value and provides guidance for determining a fair value measurement for financial reporting purposes. The provisions of GASB Statement No. 72 are effective for fiscal year 2016.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will improve accounting and financial reporting by state and local governments for pensions. It will also improve the comparability of pension-related information. Statement No. 73 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will improve financial reporting by state and local governments for OPEB. It also provides information for changes of OPEB liabilities from year to year. Statement No. 74 will be effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will improve accounting and financial reporting by state and local governments for OPEB. It will also require the recognition of the entire OPEB liability and a comprehensive measure of OPEB expense. Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will improve financial reporting for state and local governments by providing greater reporting guidance to provide less variation in financial reporting. Statement No. 76 will be effective for fiscal years beginning after June 15, 2015.

The Authority has reviewed these Statements and is in the process of determining the full effect these un-adopted GASB Statements will have on its financial statements.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

As of June 30, 2015, the Treasurer of Virginia pursuant to Section 2.2-1800, et seq., Code of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds, held $43,912,034 in cash and cash equivalents for the Authority.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - continued

Certain deposits and investments are held by the Authority or are held by trustees for the Authority. These accounts are collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400, et seq., Code of Virginia, or covered by the *Federal Deposit Insurance Corporation* (FDIC). Under the Act, banks and savings institutions holding public deposits in excess of the FDIC amounts must pledge collateral to the Commonwealth of Virginia Treasury Board. At June 30, 2015, all Authority deposits were considered fully collateralized and were not exposed to Custodial Credit Risk.

Short-term investments generally represent deposits and securities with maturities of one year or less. Long-term investments generally represent securities with maturities of greater than one year.

The Authority is required to segregate liquid assets (cash and investments) that are restricted for various purposes. As of June 30, 2015, these assets aggregated $144,280,723, with $89,135,583 classified as current and $51,145,140 classified as noncurrent based on the purpose for which the assets are restricted.

Current restricted assets consist of:

- $23,485,586 in cash related to debt service payments to be made July 1, 2015,
- $65,277,575 in cash related to bond proceeds received in June 2015, awaiting conversion into a construction fund, and
- $372,422 in cash and investments for other purposes.

Noncurrent restricted assets consist of:

- $19,311,665 in cash and investments reserved to cover debt service in future years as required by the Authority’s bond covenants,
- $30,356,571 in construction fund cash and investments held by trustees that will be used to fund applicable projects, and
- $1,476,904 in cash and investments for other purposes.

VIT also held $15,899,672 in restricted cash and investments at June 30, 2015, as a required reserve to fund capital and extraordinary maintenance.

Statutes authorize the investment of funds held by the Authority in obligations of the Commonwealth, federal government, other states or political subdivisions thereof, Virginia political subdivisions, the International Bank for Reconstruction and Development, the Asian Development Bank, and the African Development Bank. In addition, the Authority may invest in prime quality commercial paper rated prime 1 by Moody's Investment Service or A-1 by Standard and Poor's Incorporated, overnight term or open repurchase agreements, and money market funds comprised of investments which are not rated but are otherwise legal investments of the Authority.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - continued

As of June 30, 2015, the following shows the segmented time distribution of the Authority's investments (not held by the Treasurer) and its credit risk category:

Investment Type	Reported Value	Market Value Less Than 1	Category
FNMA	$ 1,626,154	$ 1,626,154	1
FHLB	12,194,146	12,194,146	1
	$ 13,820,300	$ 13,820,300	

As of June 30, 2015 the Authority's FNMA and FHLB securities were rated AA+ by Standard & Poor's.

Long-Term Restricted Cash Equivalents and Investments by Category

As of June 30, 2015, the following shows the distribution of the Authority's investments (not held by the Treasurer) and its credit risk category:

Long-Term Investments:	Category 1 Reported Value	Market Value
Asset-Backed Securities	$ 13,820,300	$ 13,820,300
Investments Total	$ 13,820,300	$ 13,820,300

Category 1 - Insured or registered securities or securities held by VPA or its agent in VPA's name.

Investments held by the Treasurer of Virginia

Investments and cash equivalents held by the Treasurer of Virginia represent the Authority's allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - concluded

Component Unit – VIT

VIT's, cash and cash equivalents, restricted and investments at June 30, 2015, are categorized below by credit risk. The three types of credit risks are:

Category 1 - Insured or registered securities or securities held by VIT or its agent in VIT's name.

Category 2 - Uninsured and unregistered, with securities held by the counterpart's trust department or agent in VIT's name.

Category 3 - Uninsured and unregistered, with securities held by the counterpart, or by its trust department or agent but not in VIT's name.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. VIT does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Cash and Cash Equivalents, Restricted

		Years			
June 30, 2015	FMV	<1 Year	1-5	6-10	10+
U.S. Agencies	$ 347,714	$ -	$ 11,952	$ 45,070	$ 290,692
Corporate Bonds	1,158,685	228,661	930,024	-	-
Total	$ 1,506,399	$ 228,661	$ 941,976	$ 45,070	$ 290,692

The ratings of the non-U.S. Treasury and Agency securities held at June 30, 2015 as rated by S&P are as follows:

	Corporate Bonds	U.S. Agencies	Total
AA+	$ -	$ 347,714	$ 347,714
AA	226,341	-	226,341
A+	229,813	-	229,813
A	456,638	-	456,638
BBB+	245,893	-	472,316
Total	$ 1,158,685	$ 347,714	$ 1,506,399

Under the terms of the Service Agreement between the VPA and VIT, the Trustee of the Money Market Instruments has a security interest in these investments, for the benefit of the holders of bonds issued by the VPA.

3. CONCENTRATION OF RISK

Interest Rate Risk-VPA

The Authority follows the Commonwealth of Virginia's investment policy and holds all its investments to maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk-VPA

The Authority follows the Commonwealth of Virginia's credit quality limitations and places emphasis on securities of high credit quality and marketability. Policy details can be found in the **General Account Investment Guidelines** document at:

http://www.trs.virginia.gov/Documents/Cash/GenAcctInvstPolicy.pdf

Concentration of Credit Risk-VPA

The Authority places no limit on the amount it may invest in any one issuer. More than 3% of the Authority's investments are in FHLB and FNMA securities.

Concentration of Risk - VIT

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash balances and temporary cash investments. The Company maintains checking accounts and a money market deposit account in excess of the $250,000 limit of federal insurance with major financial institutions. In addition, VIT maintains investments in excess of the $500,000 that are insured by the Securities Investor Protection Corporation.

Other financial instruments that potentially subject the Company to credit risk consist of accounts receivable. VIT provides labor-intensive services to major shipping-lines that import and export products through the marine terminals that it operates in Hampton Roads. VIT, through its Schedule of Rates No. 1 as amended from time to time, and through various contracts, has multiple remedies available to leverage the collection of revenue for services performed including, but not limited to, denial of service, requirement of prepayment before further service is rendered, the obtaining of judgments and recording of liens on vessels or certain cargo, and the levying of interest charges on past due balances.

For the year ended June 30, 2015, 27% of total revenue was derived from two customers. Receivables outstanding at June 30, 2015 for this concentration totaled $15,743,117.

A significant portion of VIT's labor is provided by contract with the International Longshoremen's Association. The current contract expires September 30, 2018.

4. DUE FROM OTHER GOVERNMENTS

Authority Due from other governments as of June 30, 2015 include:

	2015
Transportation Trust Fund	$ 5,929,095
Federal grants receivable	1,169,183
State grants receivable	270,452
	$ 7,368,730

5. PREPAID EXPENSES

Authority prepaid expenses as of June 30, 2015 include:

	2015
Operational Costs	$ 75,000
MELP	2,749,993
Health Care	29,143
Prepaid Payroll	5,166
	$ 2,859,302

VIT Prepaid expenses and other assets as of June 30, 2015 include:

	2015
VIT Prepaid Expenses	$ 6,245,667
HRCP II Prepaid Expenses	132,534
	$ 6,378,201

6. CAPITAL ASSETS

A summary of changes in capital assets of the Authority follows:

	Restated Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Capital assets not being depreciated:					
Land and improvements	$ 105,539,821	$ -	$ -	$ -	$ 105,539,821
Construction in progress	131,136,358	20,786,030	(3,817,702)	(39,791,816)	108,312,870
	236,676,179	20,786,030	(3,817,702)	(39,791,816)	213,852,691
Depreciable capital assets:					
Infrastructure	597,268,729	5,779,853	-	29,372,129	632,420,711
Buildings	95,501,757	250,807	-	5,938,317	101,690,881
Improvements other than buildings	30,975,431	-	-	-	30,975,431
Equipment	288,455,554	2,854,719	-	4,481,370	295,791,643
	1,012,201,471	8,885,379	-	39,791,816	1,060,878,666
Less accumulated depreciation for:					
Infrastructure	233,711,186	18,743,721	-	-	252,454,907
Buildings	59,292,561	2,836,904	-	-	62,129,465
Improvements other than buildings	23,211,049	871,049	-	-	24,082,098
Equipment	162,249,141	20,156,984	-	-	182,406,125
Total accumulated depreciation	478,463,937	42,608,658	-	-	521,072,595
Depreciable capital assets, net	533,737,534	(33,723,279)	-	39,791,816	539,806,071
Total capital assets, net	$ 770,413,713	$ (12,937,249)	$ (3,817,702)	$ -	$ 753,658,762

See Note 17 for Restated Balance information in Prior Period Adjustments.

Insurance Proceeds

In fiscal year 2015, proceeds from insurance amounted to $245,922 for the Virginia Port Authority, none of which was attributable to impairment of assets.

Component Unit – VIT

Changes in capital assets for the year ended June 30, 2015 are summarized as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30,2015
Capital assets	$ 83,001,316	$ 6,983,337	$ 1,421,929	$ 88,562,724
Accumulated depreciation	64,508,611	4,049,011	1,222,927	67,334,695
Net capital assets	$ 18,492,705	$ 2,934,326	$ 199,002	$ 21,228,029

7. LONG-TERM DEBT

Changes in Long-Term Indebtedness

A summary of changes in long-term indebtedness (including current portion) for the Authority follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Amounts Due Within one Year
Revenue Bonds	$ 484,745,000	$ 200,565,000	$ 163,670,000	$ 521,640,000	$ 15,295,000
Issuance Premium	10,128,249	17,983,565	4,649,410	23,462,404	1,704,007
Total Revenue Bonds	494,873,249	218,548,565	168,319,410	545,102,404	16,999,007
Installment Purchases	33,290,174	-	9,499,327	23,790,847	6,498,746
Compensated Absences	502,513	897,207	522,559	877,161	865,074
Total	$ 528,665,936	$ 219,445,772	$ 178,341,296	$ 569,770,412	$ 24,362,827

Details of Long-Term Indebtedness

Revenue Bonds	Balance as of June 30, 2015
On June 26, 2003, Port Facilities Revenue Bonds, dated June 18, 2003, were issued in the principal amount of $55,155,000. On October 22, 2013, funds were placed in escrow, with irrevocable instructions to refund $29,390,000 of the bonds maturing from 2014 through 2028. On March 19, 2015, funds were placed in escrow, with irrevocable instructions to refund the remaining $15,295,000 on April 20, 2015. At June 30, 2015, none of the Series 2003 bonds were outstanding.	$ -

7. LONG-TERM DEBT – continued

Details of Long-Term Indebtedness -continued

Revenue Bonds - continued	Balance as of June 30, 2015
On April 14, 2005, Commonwealth Port Fund Revenue Bonds, dated April 6, 2005, were issued in the principal amounts of \$55,095,000 (AMT bonds) and \$4,905,000 (non-AMT bonds). On September 26, 2012, funds were placed in escrow, with irrevocable instructions to refund on July 1, 2015, \$39,470,000 of AMT bonds maturing in 2016 and beyond and \$4,905,000 of non-AMT bonds maturing in 2029 and 2030. The remaining AMT serial bonds are payable in annual installments \$1,930,000 with interest of 5.0% payable semiannually, the final installment due July 1, 2015. These bonds are payable primarily from the Commonwealth Port Fund. Such revenues currently consist of a portion of the additional revenues derived from motor vehicle fuel taxes, sales and use taxes, and annual motor vehicle registration fees.	\$ 1,930,000
On April 6, 2006, Commonwealth Port Fund Refunding Bonds, dated the same, were issued in the principal amount of \$21,730,000. The bonds are payable in annual installments varying from \$1,365,000 to \$2,885,000 with interest of 5.5% payable semiannually, the final installment due July 1, 2016. These bonds are payable primarily from the Commonwealth Port Fund. Such revenues currently consist of a portion of the additional revenues derived from motor vehicle fuel taxes, sales and use taxes, and annual motor vehicle registration fees.	4,250,000
On October 17, 2006 Port Facilities Revenue Bonds, dated the same, were issued in the principal amount of \$90,000,000. On October 22, 2013, funds were placed in escrow, with irrevocable instructions to refund \$8,700,000 of the bonds maturing from 2014 through 2028. On March 19, 2015 funds were placed in escrow, with irrevocable instructions to refund the remaining \$80,820,000 on April 20, 2015.	-
On April 11, 2007, Port Facilities Revenue Refunding Bonds Series 2007, dated the same, were issued in the principal amount of \$74,255,000. On March 19, 2015, funds were placed in escrow, with irrevocable instructions to refund \$52,715,000 (all but \$6,900,000) on April 20, 2015. The remaining outstanding bonds are payable in annual installments varying from \$3,365,000 to \$3,535,000 with interest of 5.0% payable semiannually, the final installment due July 1, 2017. The bonds are payable from the net revenues of the Authority.	6,900,000

7. LONG-TERM DEBT - Continued

Details of Long-Term Indebtedness – continued

Revenue Bonds - continued	Balance as of June 30, 2015
On May 6, 2010, Port Facilities Revenue Refunding Bond Series 2010 (the "Series 2010 Bonds"), dated April 21, 2010, were issued in the principal amount of $68,630,000. The bonds are payable in annual installments varying from $1,515,000 to $4,590,000 beginning July 1, 2016. Semi-annual interest payments commence January 1, 2011 with interest of 3.375% to 5.0% payable semiannually, the final installment due July 1, 2040. The bonds are payable from the net revenues of the Authority. Proceeds of the Series 2010 Bonds have been used, together with other funds, (a) to currently refund in full the outstanding principal amount of the Authority's $65,000,000 Subordinate Port Facilities Revenue Bond Anticipation Note, Series 2009 (the "Series 2009 BAN"), (b) to fund a Debt Service Reserve Account for the Series 2010 Bonds as required under the Resolution, and (c) to pay all or a portion of the expenses incurred with respect to the issuance of the Series 2010 Bonds and the refunding of the Series 2009 BAN.	$ 68,630,000
On July 27, 2011, Commonwealth Port Fund Revenue Bonds Series 2011 (Non-AMT), (the "Series 2011 Bonds"), dated the same, were issued in the principal amount of $57,370,000. The bonds are payable in annual installments varying from $2,565,000 to $9,250,000 beginning July 1, 2028. Semi-annual interest payments commence January 1, 2012 with interest of 5.0% payable semiannually, the final installment due July 1, 2036. These bonds are payable primarily from the Commonwealth Port Fund. Such revenues currently consist of a portion of the additional revenues derived from motor vehicle fuel taxes, sales and use taxes, and annual motor vehicle registration fees. Proceeds of the Series 2011 Bonds have been used to finance or refinance the costs of the Craney Island Eastward Expansion (the "2011 Project") and to pay costs of issuance.	57,370,000
On January 25, 2012, Commonwealth Port Fund Revenue Refunding Bonds Series 2012 (Taxable), (the "Series 2012 Bonds"), dated the same, were issued in the principal amount of $108,015,000. The bonds are payable in annual installments varying from $6,400,000 to $8,730,000 with semi-annual interest payments interest ranging from 1.16% to 3.72% payable semiannually, the final installment due July 1, 2027. Proceeds of the Series 2012 Bonds have been used to (a) refund in full the outstanding principal amount of the Authority's Commonwealth Port Fund Revenue Bonds (2002 Resolution) (the "Series 2002") issued on July 23, 2002, and (b) pay all or a portion of the expenses incurred with respect to the issuance of the Series 2012 Bonds and the refunding of the Series 2002 Bonds. The Series 2012 Bonds are payable primarily from the Commonwealth Port Fund.	95,370,000

7. LONG-TERM DEBT - Continued

Details of Long-Term Indebtedness - continued

Revenue Bonds - continued

	Balance as of June 30, 2015
On September 26, 2012, Commonwealth Port Fund Revenue Refunding Bonds, Series 2012B (Taxable), (the "Series 2012B Bonds") dated the same, issued in the principal amount of $45,230,000. The bonds are payable in annual installments varying from $715,000 to $3,630,000 with interest of .725% to 3.376% payable semiannually, the final installment due July 1, 2029. Proceeds of the Series 2012B Bonds will be used (a) to pay the costs of refunding all or a portion of the Series 2005A Bonds, and (b) to pay costs of issuance of the Series 2012B Bonds. The Series 2005A Bonds were issued on April 14, 2005. As of July 1, 2012, the outstanding principal amount of the Series 2005A Bonds was $44,990,000. The Series 2005A Bonds are subject to optional redemption on or after July 1, 2015 at a redemption price of 100% of the principal amount thereof. The Series 2012B Bonds are payable primarily from the Commonwealth Port Fund. Such revenues currently consist of a portion of the additional revenues derived from motor vehicle fuel taxes, sales and use taxes, and annual motor vehicle registration fees.	$ 43,885,000
On September 26, 2012, Commonwealth Port Fund Revenue Refunding Bonds, Series 2012C (Non-AMT), (the "Series 2012C Bonds") dated the same, were issued in the principal amount of $4,795,000. The bonds are payable in the principal amounts of $780,000 and $4,015,000, are due July 1, 2029 and July 1, 2030, respectively. Semi-annual interest payments commence July 1, 2013 with interest of 3.0% to 5.0% payable semiannually, the final installment due July 1, 2030. These bonds have a first optional redemption date of July 1, 2022. The proceeds of the Series 2012C Bonds will be used (a) to pay the costs of refunding all or a portion of the Series 2005B Bonds, and (b) to pay costs of issuance of the Series 2012C Bonds. The Series 2005B Bonds were issued on April 14, 2005. As of July 1, 2012, the outstanding principal amount of the Series 2005B Bonds was $4,905,000. The Series 2005B Bonds are subject to optional redemption on or after July 1, 2015 at a redemption price of 100% of the principal amount thereof. The Series 2012C Bonds are payable primarily from the Commonwealth Port Fund. Such revenues currently consist of a portion of the additional revenues derived from motor vehicle fuel taxes, sales and use taxes, and annual motor vehicle registration fees.	4,795,000

7. LONG-TERM DEBT - Continued

Details of Long-Term Indebtedness - continued

Revenue Bonds - continued	Balance as of June 30, 2015
On October 22, 2013, Port Facilities Fund Revenue Refunding Bonds, Series 2013, (the "Series 2013 Bonds") dated the same, were issued in the amount of $37,945,000. The bonds are payable in annual principal installments varying from $610,000 to $9,840,000 beginning July 1, 2016. Semi-annual interest payments commence July 1, 2014 with interest of 3.09% payable semiannually, the final installment due July 1, 2028. The proceeds of the Series 2013 Bonds have been used (a) to pay the costs of refunding a portion of the Series 2003 Bonds, (b) to pay the cost of refunding a portion of the Series 2006 Bonds and (c) to pay costs of issuance of the Series 2013 Bonds. The Series 2013 Bonds are payable from the net revenues of the Authority.	$ 37,945,000
On March 19, 2015, Port Facilities Fund Revenue Refunding Bonds, Series 2015A (AMT) (the "Series 2015A Bonds") dated the same, were issued in the amount of $85,130,000. The bonds are payable in principal annual installment amounts varying from $8,915,000 to $12,545,000, with the first principal installment due on July 1, 2029. Semi-annual interest payments commence July 1, 2015 with interest of 5.0% payable semiannually, the final installment due July 1, 2036. These bonds have a first optional redemption date of July 1, 2025. The proceeds of the Series 2015A Bonds have been used (a) to pay the costs of refunding all of the remaining Series 2003 Bonds and Series 2006 Bonds, and (b) to pay costs of issuance of the Series 2015A Bonds and are payable from the net revenues of the Authority.	85,130,000
On March 19, 2015, Port Facilities Fund Revenue Refunding Bonds, Series 2015B (Taxable) (the "Series 2015B Bonds") dated the same, were issued in the amount of $56,755,000. The bonds are payable in the principal annual installments varying from $830,000 and $5,835,000 beginning July 1, 2016 with interest of 1.019% to 3.515% payable semiannually, the final installment due July 1, 2027. The proceeds of the Series 2015B Bonds have been used (a) to pay the costs of refunding a portion of the remaining Series 2007 Bonds, and (b) to pay costs of issuance of the Series 2015B Bonds. The Series 2015B Bonds are payable from the net revenues of the Authority.	56,755,000

7. LONG-TERM DEBT - Continued

Details of Long-Term Indebtedness - continued

Revenue Bonds - concluded

	Balance as of June 30, 2015
On June 23, 2015, Commonwealth Port Fund Revenue Bonds, Series 2015 (AMT), (the “Series 2015 CPF Bonds”) dated the same, were issued in the principal amount of $58,680,000. The bonds are payable in annual installments between $6,250,000 and $7,050,000, beginning July 1, 2028 through July 1, 2031 and annual installments between $7,420,000 and $8,590,000 beginning July 1, 2037 with the final installment due July 1, 2040. Semi-annual interest payments commence January 1, 2016 with interest of 5.0% payable semiannually on January 1 and July 1. The Series 2015 CPF Bonds are payable primarily from the Commonwealth Port Fund.	$ 58,680,000
Sub-total revenue bonds	521,640,000
Issuance premium, net	23,462,404
Total revenue bonds	$ 545,102,404

Installment Purchases

	Balance as of June 30, 2015
A contract dated July 9, 2004 for the lease purchase of terminal equipment totaling $2,776,800 with initial payment of $166,433 and semi-annual payments of $169,172 for a period of ten years at an interest rate of 3.9185%. Final payment was due January 1, 2015.	$ -
A contract dated July 9, 2004 for the lease purchase of terminal equipment totaling $11,500,000 with initial payment of $522,958 and semi-annual payments of $536,365 for a period of fifteen years at an interest rate of 4.6387%. This lease was amended, effective July 1, 2013. The new terms provide for semi-annual payments of $499,395 beginning January 1, 2014, at an interest rate of 2.33%. Final payment is due July 1, 2019.	4,243,552
A contract dated January 6, 2005 for the lease purchase of terminal equipment totaling $23,170,930 with semi-annual payments of $1,386,681 for a period of ten years at an interest rate of 3.563%. This lease was amended, effective July 1, 2013. The new terms provide for semi-annual payments of $1,362,198 beginning January 1, 2014, at an interest rate of 1.75%. Final payment was made January 1, 2015.	-

7. LONG-TERM DEBT – Continued

Details of Long-Term Indebtedness - continued

Installment Purchases - continued

	Balance as of June 30, 2015
A contract dated August 18, 2005 for the lease purchase of terminal equipment totaling $4,663,170 with semi-annual payments of $279,607 for a period of ten years at an interest rate of 3.69%. This lease was amended, effective July 1, 2013. The new terms provide for semi-annual payments beginning January 1, 2014 of $271,661 at an interest rate of 1.34%. Final payment is due July 1, 2015.	$ 269,853
A contract dated February 6, 2008 for the lease purchase of terminal equipment totaling $1,507,965 with semi-annual payments of $87,842 for a period of ten years at an interest rate of 3.06%. This lease was amended, effective July 1, 2013. The new terms provide for semi-annual payments beginning January 1, 2014 of $84,943 at an interest rate of 1.68%. Final payment is due January 1, 2018.	495,001
A contract dated February 6, 2008 for the lease purchase of terminal equipment totaling $6,982,922 with semi-annual payments of $406,768 for a period of ten years at an interest rate of 3.06%. This lease was amended, effective July 1, 2013. The new terms provide for semi-annual payments beginning January 1, 2014 of $393,343 at an interest rate of 1.68%. Final payment is due January 1, 2018.	2,292,199
A contract dated July 29, 2008 for the lease purchase of terminal equipment totaling $26,492,035 with semi-annual payments of $1,572,258 for a period of ten years at an interest rate of 3.43%. This lease was amended, effective July 1, 2013. The new terms provide for semi-annual payments beginning January 1, 2014 of $1,500,650 at an interest rate of 1.68%. Final payment is due July 1, 2018.	10,160,311
A contract dated January 5, 2009 for the lease purchase of terminal equipment totaling $345,560 with payments beginning September 2009 at $26,354 and continuing with semi-annual payments each March and September of $26,010 for a period of seven years at an interest rate of 1.38%. Final payment is due March 1, 2016.	51,486
A contract dated January 9, 2009 for the lease purchase of terminal equipment totaling $8,156,830 with payments beginning September 2009 at $471,204 and continuing with semi-annual payments of $459,739 each March and September for a period of ten years at an interest rate of 2.30%. Final payment is due March 1, 2019.	3,494,655

7. LONG-TERM DEBT – Continued

Details of Long-Term Indebtedness - concluded

Installment Purchases - concluded	Balance as of June 30, 2015
A contract dated January 21, 2009 for the lease purchase of terminal equipment totaling $6,497,610 with payments beginning September 2009 at $370,373 and continuing with semi-annual payments of $366,222 each March and September for a period of ten years at an interest rate of 2.30%. Final payment is due March 1, 2019.	$ 2,783,790
Total installment purchases	**$ 23,790,847**

Compensated Absences

VPA employees' attendance and leave regulations make provision for the granting of a specified number of days of leave each year. The amount of leave earned but not taken is recorded as a liability on the Statement of Net Position. At June 30, 2015 the amounts reflect all earned "paid time off" and compensatory leave not taken, and the amount payable under the Authority's legacy leave and sick leave policies, upon termination, the latter which is the lesser of 25% of sick leave not taken or $5,000 per employee for employees hired prior to July 1, 1997. The compensated absence liability also includes related payroll taxes.	$ 877,161
Total long-term indebtedness	**$ 569,770,412**

A summary of indebtedness by type (including current portion) for the Authority follows:

	Debt	**Premium/Disc**	**Total LT Debt**
Commonwealth Port Fund Bonds	$ 266,280,000	$ 10,550,771	$ 276,830,771
Port Facilities Revenue Bonds	255,360,000	12,911,633	268,271,633
Installment Purchases	23,790,847	-	23,790,847
	$ 545,430,847	$ 23,462,404	568,893,251
Compensated Absences			877,161
		June 30, 2015	**$ 569,770,412**

7. LONG-TERM DEBT – continued

Annual Long-Term Debt Requirements

A summary of future principal and interest obligations under long-term debt as of June 30, 2015 (excluding compensated absences), is as follows:

Revenue Bonds

Year Ending June 30,	Principal	Interest	Total
2016	$ 15,295,000	$ 17,826,202	$ 33,121,202
2017	17,070,000	19,990,624	37,060,624
2018	17,605,000	19,583,500	37,188,500
2019	17,965,000	19,216,775	37,181,775
2020	18,350,000	18,786,266	37,136,266
2021 - 2025	99,735,000	85,565,536	185,300,536
2026 – 2030	117,405,000	67,030,966	184,435,966
2031 - 2035	119,205,000	39,140,813	158,345,813
2036 - 2040	85,830,000	12,162,250	97,992,250
2041	13,180,000	329,500	13,509,500
Total Bonds	521,640,000	299,632,432	821,272,432
Issuance Premium	23,462,404	-	23,462,404
Total	$ 545,102,404	$ 299,632,432	$ 844,734,836

Installment Purchases

Year Ending June 30,	Principal	Interest	Total
2016	$ 6,498,746	$ 433,519	$ 6,932,265
2017	6,297,060	311,525	6,608,585
2018	6,419,090	189,495	6,608,585
2019	4,082,307	69,056	4,151,363
2020	493,644	5,751	499,395
Total	$ 23,790,847	$ 1,009,346	$ 24,800,193

7. LONG-TERM DEBT – concluded

Component Unit – VIT

On January 1, 2015, VIT converted employees' earned but not used vacation and personal leave balances at December 31, 2014 into a new Legacy Leave Bank. Legacy Leave is available for use as paid time off until December 31, 2019. Balances remaining unused at January 1, 2020 will be frozen to use. Legacy Leave maybe paid out upon termination of an employee at the employee's December 31, 2014 wage rate times the lesser of their then current legacy leave balance or 160 hours. Additionally on January 1, 2015, VIT implemented a new Paid Time Off (PTO) policy, providing compensated absences that can be used each calendar year. At the end of each calendar year, any earned but unused PTO in excess of 40 hours will be forfeited. Up to 40 hours of earned but unused PTO at the end of a calendar year may be carried forward for use within the next 6 months. At June 30, any remaining prior year earned but unused PTO will be forfeited. PTO is earned on a quarterly basis but available for use on January 1 of each year. Leave used over and above the earned amounts, at termination, are to be repaid to VIT. As of June 30, 2015, VIT has accrued $3,600,437 for compensated absences.

8. DEFEASANCE OF DEBT

Advanced Refundings

On March 19, 2015 the Authority issued $85,130,000 (par value) of Port Facilities Revenue Refunding Bonds, Series 2015A (AMT) to advance refund $15,295,000 in principal amount of the Authority's Port Facilities Fund, Series 2003 and $80,820,000 in principal amount of the Authority's Port Facilities Fund, Series 2006 Bonds issued in the original par amounts of $55,155,000 and $90,000,000 respectively. The net proceeds from the issuance, along with other funds available from the Authority, were deposited in an irrevocable trust with an escrow agent to provide debt service payments at the earliest call date which was April 20, 2015. At June 30, 2015, none of these defeased bonds were outstanding.

The refunding was undertaken to take advantage of the lower interest rates available to reduce total future debt service payments. As a result of the advance refunding, the Authority reduced its total debt service requirements by $19,725,660, which resulted in an economic gain (difference between the present value of the debt service payments on the old debt and the new debt) of $10,849,247. The trust account assets and the related liability for the defeased bonds are not reflected in the Authority's financial statements. The reacquisition price of $97,605,891 netted against the book value of the refunded debt resulted in a deferred inflow of resources of $552,786.

On March 19, 2015 the Authority issued $56,755,000 (par value) of Port Facilities Revenue Refunding Bonds, Series 2015B (Taxable) to advance refund $52,715,000 in principal amount of the Authority's Port Facilities Revenue Bond, Series 2007 Bonds issued in the original par amounts of $74,255,000. The net proceeds from the issuance, along with other funds available from the Authority, were deposited in an irrevocable trust with an escrow agent to provide debt service payments at the earliest call date. At June 30, 2015, $52,715,000 of these defeased bonds were outstanding.

8. DEFEASANCE OF DEBT – continued

Advanced Refundings - concluded

The refunding was undertaken to take advantage of the lower interest rates available to reduce total future debt service payments. As a result of the advance refunding, the Authority reduced its total debt service requirements by $4,500,252, which resulted in an economic gain (difference between the present value of the debt service payments on the old debt and the new debt) of $3,908,830. The trust account assets and the related liability for the defeased bonds are not reflected in the Authority's financial statements. The reacquisition price of $56,417,103 netted against the book value of the refunded debt resulted in a deferred outflow of resources of $1,806,299.

Prior Years Refundings

On September 26, 2012, the Authority issued $45,230,000 (par value) of Commonwealth Port Fund Revenue Refunding Bonds, Series 2012B (AMT) to advance refund all but $5,520,000 in principal amount of the Authority's Commonwealth Port Fund, Series 2005A (AMT) Bonds issued in the original par amount of $55,095,000. The net proceeds from the issuance, along with other funds available from the Authority, were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called on July 1, 2015. At June 30, 2015, $39,470,000 of defeased bonds were outstanding. The trust account assets and the related liability for the defeased bonds are not reflected in the Authority's financial statements.

On September 26, 2012, the Authority issued $4,795,000 (par value) of Commonwealth Port Fund Revenue Refunding Bonds, Series 2012C (Non-AMT) to advance refund all of the Authority's Commonwealth Port Fund, Series 2005B (Non-AMT) Bonds issued in the original par amount of $4,905,000. The net proceeds from the issuance along with other funds available from the Authority, were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called on July 1, 2015. At June 30, 2015, $4,905,000 of defeased bonds were outstanding. The trust account assets and the related liability for the defeased bonds are not reflected in the Authority's financial statements.

9. RENT OF TERMINAL FACILITIES AND EQUIPMENT

Virginia International Terminals, LLC. (VIT) was incorporated as a nonprofit corporation on June 30, 1981, for the purpose of operating all marine terminals owned by the Authority. Effective August 17, 2013, VIT was converted from a nonprofit, non-stock corporation to a single-member limited liability company with the Authority as the sole member of the Company. Lease agreements with Port Authority Terminals, Inc., and Portsmouth Terminals, Inc., to operate Newport News Marine Terminal, Norfolk International Terminals, and Portsmouth Marine Terminal, respectively, were assigned to VIT. VIT also operates Virginia International Gateway (VIG), a terminal leased by the Virginia Port Authority, in Portsmouth Virginia.

9. RENT OF TERMINAL FACILITIES AND EQUIPMENT-concluded

Effective June 1997, the Service Agreement with VIT was amended to comply with the 1997 Series Bond Resolution that restructured the payments. The payments are now based on the overall monthly cash flow of VIT operating results.

On July 1, 2011, the Virginia Port Authority began leasing the Port of Richmond from the City of Richmond. This lease runs through June 30, 2016 with an option to renew for up to three (3) additional five (5) year renewal terms. The current terminal operator is PCI of Virginia, LLC.

See Subsequent Events footnote 19 for additional information.

10. COMMITMENTS AND CONTINGENCIES

As of June 30, 2015 the Authority has commitments to construction contracts totaling $93,583,481 of which $75,375,388 has been incurred.

The Authority established a Master Equipment Lease Program on October 15, 2003. All equipment financed subsequent to that date and prior to May 25, 2007 serves as collateral for all debt outstanding under the original Master Lease.

The Authority established a second Master Equipment Lease Program on May 25, 2007. All equipment financed subsequent to that date serves as collateral for all debt outstanding under the second Master Lease.

Payments for rent under an operating lease agreement amounted to $770,697 for the year paid by VIT and recorded as a transfer to the Authority for space rental of offices at the World Trade Center.

Expenses for operating lease agreements amounted to $56,679,447 in fiscal year 2015.

Lease commitments in aggregate are as follows:

Year Ending June 30,	Amount
2016	$ 57,824,111
2017	60,569,316
2018	63,371,880
2019	66,284,702
2020	69,426,192
2021-2025	400,678,502
2026-2030	512,722,829
Total	$ 1,230,877,532

10. COMMITMENTS AND CONTINGENCIES – continued

The Authority has various rental and sub-lease agreements ranging from one to twenty years. Rental and sub-lease income received under these agreements totaled $182,132 during the year ended June 30, 2015. Future payments to be received under these agreements are expected to be $200,148 in 2016.

Component Unit – VIT Leases

VIT leases administrative office space, equipment, and land. Each of the leases has different rates and renewal dates.

Applicable lease commitments in the aggregate are as follows:

2016	$ 1,244,030
2017	1,008,283
2018	1,026,041
2019	1,050,851
2020	1,076,264
Thereafter	8,533,572
	$ 13,939,041

Rental expense incurred under all operating leases (including less than one year and cancellable) was $3,722,427 for the year ended June 30, 2015. Rental expense incurred is net of rents paid on behalf of the VPA which were recorded as a transfer to the VPA totaling $770,697 in 2015.

Hampton Roads Chassis Pool II (HRCP II) is a wholly owned subsidiary of VIT that operates a chassis pool for rental to shipping lines and constituent motor carriers. HRCP II leases chassis under various operating lease agreements, or manages chassis contributed to the pool by certain shipping lines. Lease agreements may be renewed in one year increments or terminated at the end of each term. HRCP II must maintain and repair chassis delivered to the pool. Rent expense under the operating leases totaled $11,144,250 during the year ended June 30, 2015 and is included in operating expenses.

VIT has agreements to provide office or warehouse space and/or the use of certain terminal facilities to third parties, in the form of license arrangements ranging in length from one to three years. License income received under these agreements totaled $2,710,180 during the year ended June 30, 2015. Future payments to be received under these agreements are expected to be $2,699,269 in fiscal year 2016.

10. COMMITMENTS AND CONTINGENCIES – continued

Escrow funds

On April 23, 2003 the Authority, acting as agent for the Commonwealth, signed a Project Cooperation Agreement (PCA) with the Department of the Army for dredging the inbound channel of the Norfolk Harbor, and related channels, to a depth of 50 feet. In connection with the PCA, the Authority received $17.5 million from the Priority Transportation Fund of the Commonwealth as matching funds required under the PCA. The matching funds were invested in a short-term government security and a money market account in the name of the Authority. However, the Department of the Army has the sole and unrestricted right to draw upon all or any part of the principal funds deposited in the escrow account. As of June 30, 2015, the escrow account balance was $101,088.

Federal Grants

The Authority receives federal grant funding from the United States Department of Transportation, Maritime Administration to purchase equipment, support barge movements and to improve security around the ports of Virginia in the wake of the terrorist attacks on September 11, 2001. In addition, the Authority has also been awarded grants from the Environmental Protection Agency, FEMA and other federal agencies. The grants are subject to review and audit under the "Office of Management and Budget Circular A-133." Entitlement to these resources is conditional upon compliance with the terms and conditions of the agreements, including the expenditure of resources for allowable purposes. The Authority is required to comply with various federal regulations issued by the Office of Management and Budget.

MOU

On October 25, 2011, the Authority entered into a Memorandum of Understanding (MOU) with the Virginia Department of Transportation obligating a portion of the Authority’s Transportation Trust Fund Allocation (TTF) to fund a portion of the US Route 460 Corridor Improvements Project (the Project). On an annual basis, the Authority will provide a minimum of 0.5 percent of the Transportation Trust Fund allocation to fund a portion of the Project construction costs incurred by the Virginia Department of Transportation and/or ongoing operational and maintenance costs. Payments were to begin no earlier than July 1, 2013 and will continue for the life of any related Public-Private Transportation Act (PPTA) concession term for the project, or 90 years if no concession is awarded. In the event the Authority elects to provide contributions of $250 million for Project construction costs by June 30, 2022, the Authority shall have no further obligation to provide any other funding under the terms of the MOU. An amendment to the MOU was signed in June, 2014 stating that contributions would not begin earlier than July 1, 2015. On February 25, 2015, a Termination of the Memorandum of Understanding Between The Virginia Port Authority and The Virginia Department of Transportation was executed releasing the Authority of any obligations under the October 25, 2011 MOU including all subsequent amendments.

10. COMMITMENTS AND CONTINGENCIES - concluded

Imposed Non Exchange Transaction

The Authority, through a Joint Memorandum of Agreement, received $1.9 million in fiscal year 2009 as a mitigation payment from Virginia Natural Gas to fund Army Corps of Engineers approved enhancements to Anchorage K for future dredging and navigation activities associated with the provision of a deeper anchorage area in the waters that are contiguous to the area known as Hampton Roads. As of June 30, 2015, $2,039,553 remains in the account, having earned $139,553 in interest through June 30, 2015.

Lawsuits and Claims

The Authority, from time to time, is a defendant in lawsuits generally incidental to its business. It is management's opinion that the financial position of the Authority will not be materially affected by the ultimate resolution of litigation pending or threatened at June 30, 2015.

Other Noncurrent Liabilities

The Authority, through the Virginia International Gateway lease, acquired $13.3 million in terminal assets. The lease agreement requires that upon dissolution of the lease, terminal assets are to be transferred back to the terminal owner. The Authority is committed to transferring back $13.3 million (CPI adjusted) in operational assets, or cash. Assets transferred at the end of the lease with a fair market value greater than $13.3 million (CPI adjusted) will be purchased by the terminal owner in accordance with the agreement.

Component Unit – VIT

VIT is a defendant in various lawsuits generally incidental to its business. It is management's opinion that the financial position of the Company will not be materially affected by the ultimate resolution of litigation pending or threatened at June 30, 2015.

On April 7, 2014, VIT obtained a letter of credit available in the amount of $1,001,300 for workers' compensation claims. It bears interest at prime and is set to expire at May 29, 2016. At June 30, 2015, there were no borrowings outstanding.

VIT is also contingently liable for Legacy Leave of $7,504,578 at June 30, 2015 representing amounts employees could use during their period of employment. These benefits will be frozen for use on December 31, 2019, and the payment of earned but not used Legacy Leave balances upon termination is limited to a maximum of 160 hours. The ultimate amount of leave that will be used or paid upon termination is unknown.

11. PENSION PLANS

Pensions

The Authority maintains two defined benefit plans for its employees. Employees of record on July 1, 1997, had the option of continuing to maintain their benefit status as a State employee, and their benefits maintained under the Virginia Retirement System (VRS), or elect to be covered under a newly created pension plan (the VPA Defined Benefit Plan). The VPA Defined Benefit Plan covers all employees hired between July 1, 1997 and February 1, 2014. Employees hired after February 1, 2014 are eligible for a defined contribution plan only.

Employees of the Authority who elected to remain employees of the Commonwealth participate in a defined benefit pension plan administered by the Virginia Retirement System (VRS). For information on the VRS retirement plan, please see the VRS website at http://www.varetire.org/employers/financial-reporting/gasb-resources.asp for pension plan reporting information. The VRS also administers life insurance and health related plans for retired employees. Information relating to these plans is available at the statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report (CAFR). The Commonwealth, not the Authority, has overall responsibility for contributions to these plans.

The VPA Defined Benefit Plan is a single employer, noncontributory defined benefit pension plan administered by the Authority. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions and obligations are established and may be amended by the Board of Commissioners of the Authority. The latest actuarial report on the VPA Defined Benefit Plan may be obtained by contacting the Finance Division of the Authority.

In January 2014, the Board of Commissioners voted to amend the VPA Defined Benefit Plan to freeze participation and to provide that no new participants shall be admitted or readmitted after January 28, 2014. The effect of those changes is included in the accompanying pension data.

11. PENSION PLANS – continued

VPA Defined Benefit Plan

General Eligibility Rules

Former employees and beneficiaries of the Virginia Port Authority satisfy retirement eligibility if (1) they commence retirement benefits immediately upon termination and (2) under any one of the following conditions:

	General	Police
Normal Retirement		
(a) Age	65	60
Early Retirement		
(a) Age	50	50
(b) Service	10	5
Early Retirement		
(a) Age	55	NA
(b) Service	5	NA
Disability		
(a) Service	5	5

Effective Date:

August 1, 1998; latest amendment effective May 26, 2009.

Eligibility:

Each employee is eligible to enter the plan on his or her date of employment. Employees hired prior to August 1, 1998 who elected continued coverage under the Virginia Retirement System (VRS) are not eligible to participate in this plan.

Normal Retirement Age:
Age 65;
For sworn employees, normal retirement age is 60.

Normal Retirement Benefit:
An employee's normal retirement benefit equals 1.7% of final average compensation multiplied by credited service.

Accrued Retirement Benefit:
The accrued retirement benefit is determined in the same manner as the normal retirement benefit with final average compensation and credited service as of the date of computation.

11. PENSION PLANS – continued

VPA Defined Benefit Plan – continued

General Eligibility Rules - concluded

Unreduced Early Retirement Date:
The date an employee attains age 50 and completes 30 years of service. A sworn employee attains his or her unreduced early retirement date upon attaining age 50 and completing 25 years of service.

Reduced Early Retirement Date:
The date an employee attains age 55 and 5 years of service, or age 50 and 10 years of service. For sworn employees, the reduced early retirement date is age 50 and 5 years of service.

Summary of Principal Plan Provisions

Early Retirement Benefit:

The benefit is the employee's accrued benefit payable at normal retirement age without reduction, or without reduction at age 50 if the employee has completed the number of years of credited service required for unreduced early retirement. Otherwise, if the employee retires at age 55 or later, the benefit is the accrued benefit reduced by .5% for each month up to 60 months and .4% for each month in excess of 60 months that his or her early retirement date precedes the earlier of normal retirement age or the date the employee would have reached his or her first unreduced early retirement date assuming employment had continued.

If the employee retires before age 55 and is not entitled to an unreduced benefit, the benefit is reduced to 55 by .5% for each month up to 60 months and .4% for each month in excess of 60 months that his or her early retirement date precedes the earlier of normal retirement age or the date the employee would have reached his or her first unreduced early retirement date assuming employment had continued, and is further reduced by .6% for each month by which the actual retirement date precedes age 55.

Disability Retirement Benefit:

Total and permanent disability and five years of credited service are required for eligibility. Benefits are payable at the member's normal retirement date. The disability retirement benefit is calculated in the same manner as the normal retirement benefit assuming credited service and monthly compensation, as determined for the plan year immediately preceding date of disablement, and continues until the normal retirement date.

11. PENSION PLANS – continued

VPA Defined Benefit Plan **- continued**

Late Retirement Benefit:

Retirement after normal retirement date. A member's late retirement benefit is equal to the accrued retirement benefit with final average compensation and credited service as of his or her late retirement date.

Vesting:

A participant's accrued benefit becomes vested after five years of credited service.

Form of Benefit:

Payable for life. 50% or 100% joint and last survivor options and a Social Security option are available on an actuarially equivalent basis.

Credited Service:

Credited service is based on years and completed months of employment.

Final Average Compensation:

The highest average of monthly compensation determined over any consecutive 36 months preceding date of termination.

Pre-Retirement Death Benefit:

If an employee dies after becoming eligible for retirement and before retirement benefits have begun, the employee's beneficiary will receive a benefit payable for life. The amount of the benefit is the monthly benefit the deceased member would have received had the employee retired on the day before date of death and elected a 100% joint and last survivor option.

If a vested member who had not yet begun receiving retirement benefits dies prior to becoming eligible for retirement, his or her beneficiary is entitled to receive a benefit. The amount of the benefit is equal to 100% of the monthly benefit the member would have received if the member had terminated employment rather than died, survived to the earliest retirement age and died having elected a 100% joint and last survivor option.

11. PENSION PLANS – continued

Sworn Supplement:

Employees in sworn positions receive an enhancement to their accrued benefit equal to .3% of final average compensation for each year of credited service earned in a sworn position. Up to 5 years of credited service in a hazardous position with another employer may be recognized for purposes of this enhancement.

Employees who were hired prior to December 1, 2001 may elect to receive an alternative sworn supplement, in lieu of the .3% enhancement described in the preceding paragraph. This alternative supplement provides, for employees in sworn positions who have completed 15 years of credited service, a supplemental benefit equal to $13,128 per year, which is payable from retirement until Social Security normal retirement age. For purposes of satisfying the 15 years of credited service requirement, up to 5 years of credited service in a hazardous position with another governmental employer may be credited.

Integration with VRS Benefits for Sworn Employees:

Sworn employees who receive their basic retirement benefit from VRS and for whom VRS does not provide the normal retirement age, unreduced early retirement benefits and reduced early retirement benefits described for sworn employees under the VPA plan, will receive an additional benefit from the VPA plan. The amount of the benefit is equal to the (1) benefit determined using VPA credited service and the VPA plan normal retirement age, unreduced early retirement benefit and/or reduced early retirement, minus (2) the benefit to which the participant is entitled under VRS based on VPA credited service.

Contributions

As the plan sponsor for the VPA Defined Benefit Plan, the Authority sets a contribution rate annually based on recommendations provided by the plan's Actuary. The Authority elected to contribute 15.45% of base pay in 2015, 15.33% of base pay in 2014, 16.16% of base pay in 2013, and 11.92% of base pay in 2012 for employees receiving the basic retirement benefit from the plan. The plan does not specify a minimum funding requirement.

Actuarial Methods and Assumptions

The annual pension cost for the current year was determined as part of the July 1, 2015 actuarial valuation using the aggregate actuarial cost method, which does not identify and separately amortize unfunded actuarial liabilities. Consequently, information about the funded status and funding progress is presented using the entry age actuarial cost method. The information presented is intended to serve as a surrogate for the funded status and funding progress of the plan. Actual value of assets was determined using market value. The discount rate used in determining the actuarial liability was 7.5% and a 4.0% factor was used for future annual compensation increases.

11. PENSION PLANS – continued

VPA Defined Benefit Plan – continued

Schedules

Members covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefits	73
Inactive members entitled to but not yet receiving benefits	26
Active Eligible Members	77
	176

Net Pension Liability

VPA's net pension liability at June 30, 2015 was actuarially measured as of July 1, 2014, and total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Net Pension Liability Under GASB 68

		June 30, 2015
Total Pension Liability	$	13,483,661
Plan Fiduciary Net Position	$	10,185,454
Net Pension Liability	$	3,298,207
Plan fiduciary net Position as a Percentage of the Total Pension Liability		75.54%

11. PENSION PLANS – continued

VPA Defined Benefit Plan – continued

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at June 30, 2014	$ 12,964,772	$ 9,255,469	$ 3,709,303
Changes for the Year:			
Service Cost	387,024	-	387,024
Interest	971,904	-	971,904
Differences between expected and actual contributions	-	525,696	(525,696)
Net Investment Income	-	1,618,319	(1,618,319)
Benefit Payments, including refunds of employee contributions	(1,102,947)	(1,102,947)	-
Administrative expense	-	(111,083)	111,083
Pension Liability Loss	262,908		262,908
Balances at June 30, 2015	$ 13,483,661	$ 10,185,454	$ 3,298,207

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the VPA Defined Benefit plan, calculated using the discount rate of 7.5 percent, as well as what VPA Defined Benefit Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

Sensitivity

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year end June 30, 2015:

	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
Total Pension Liability	$ 15,232,131	$ 13,483,661	$ 12,024,423
Plan Fiduciary Net Position	10,185,454	10,185,454	10,185,454
Net Pension Liability	$ 5,046,677	$ 3,298,207	$ 1,838,969

11. PENSION PLANS – continued

Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2015, reported deferred outflows of resources and deferred inflows of resources related to pensions originated from the following sources:

Deferred Outflows/Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience		
Measurement Date July 1, 2014	$ 211,412	$ -
Assumption Changes:		
Net Difference Between Expected and Actual		
Earnings on Pension Plan Investments	-	766,362
Total	$ 211,412	$ 766,362

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Scheduled Recognition of Deferred Outflows and Inflows of Resources:

	Increase/(Decrease) to Pension Expense
2016	$ (140,094)
2017	(140,094)
2018	(140,094)
2019	(134,668)
Total (Deferred Outflows less Deferred Inflows of Resources)	$ (554,950)

11. PENSION PLANS – continued

***VPA Defined Benefit Plan* – continued**

Changes in the Net Pension Liability and Related Ratios

Total Pension Liability	
Service Cost	$ 387,024
Interest Cost	971,904
Benefit Payments, Including Refunds of Member Contributions	(1,102,947)
Pension Liability Loss	262,908
Net Change in Total Pension Liability	518,889
Total Pension Liability (Beginning)	12,964,772
Total Pension Liability (Ending)	13,483,661
Plan fiduciary Net Position	
Contributions - Employer	525,696
Net Investment Income	1,618,319
Benefit Payments, Including Refunds of Member Contributions	(1,102,947)
Administrative Expense	(111,083)
Net Change in Plan Fiduciary Net Position	929,985
Plan Fiduciary Net Position (Beginning)	9,255,469
Plan Fiduciary Net Position (Ending)	$ 10,185,454
VPA's Net Pension Liability (Ending)	$ 3,298,207
Net Position as a % of Pension Liability	75.54%
Covered-Employee Payroll	$ 5,707,279
Net Pension Liability as a % of Payroll	57.79%

11. PENSION PLANS – continued

VPA Defined Benefit Plan – concluded

Contributions

Contractually Recommended Contribution (CRC)	$ 525,696
Contributions made in Relation to the CRC	$ 525,696
Contribution Deficiency (Excess)	-
Covered-Employee Payroll	$5,707,279
Contributions as a % of Payroll	9.21%

Valuation Date: Actuarially determined contribution rates are calculated as of July 1, 1 year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method Aggregate Level Percent of Payroll.

Asset Valuation Method Fair Value.

General Inflation 2.50%

Salary Increases 4.00%

Investment Rate of Return 7.50%, net of pension plan investment expense, including inflation.

Retirement Age varies by age and service, same as GASB 67.

Mortality rates were based on the RP-2000 Healthy Annuitant/Non Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Investment Return

Valuation date	7/1/2008	7/1/2009	7/1/2010	7/1/2011	7/1/2012	7/1/2013	7/1/2014
Return on Asset	5.4%	(21.9%)	11.7%	21.8%	(0.5%)	13.9%	18.2%

11. PENSION PLANS – continued

Deferred Compensation Plan

In addition to the defined benefit pension plans, the Authority maintains two deferred compensation plans and a matching savings plan under Internal Revenue Code Sections 457 and 401(a), respectively. Employees who maintain status under VRS are covered under a deferred compensation plan administered by VRS. Information relating to this plan is available at the statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report (CAFR).

The VPA Deferred Compensation Plan covers all employees hired after July 1, 1997, and those employees electing coverage under the Authority's deferred compensation plan. The Matching Savings Plan covers substantially all employees. The Matching Savings Plan requires VPA to match contributions in an amount equal to 50% of the first 6% of the participant's base pay contributed to the plan for employees hired on or before January 28, 2014. VPA's total contribution to the Matching Savings Plan was $115,081 for the year ended June 30, 2015.

On January 28, 2014, the Authority's Board adopted Resolution 14-2 Freezing Pension Plan to New Participants and Establishing Enhanced Defined Contribution Plan for New Employees in order to move toward normalizing the retirement benefits between the Authority and Virginia International Terminals, LLC. Beginning April 1, 2014, employees hired after January 28, 2014 (Enhanced Participants), will be provided an employer contribution of 4% of Compensation and are also eligible for a matching contribution of 50% of the first 4% of compensation contributed to the Deferred Compensation Plan. VPA's total contribution to the Virginia Port Authority Defined Contribution Plan for Enhanced Participants for the year ended June 30, 2015 was $76,086 for the Defined Contribution and $30,751 for the Enhanced Participant Employer Matching Contribution.

Employees transferring to the Authority from VIT, as part of the Port of Virginia (POV) restructure or shared services agreement, that had been hired by VIT prior to 7/1/2012 and were active participants of VIT's pension plan at the time of the transfer, and are not eligible for the Enhanced Defined Contribution plan, are eligible for a matching contribution of 50% of the first 3% of compensation contributed to the Deferred Compensation Plan. VPA's total matching contribution to the Virginia Port Authority Defined Contribution Plan for VIT Plan Participants for the year ended June 30, 2015 was $15,915.

The right to modify, alter, amend, or terminate the Authority's Deferred Compensation Plan and the Matching Savings Plan vests with the Board of Commissioners of the Authority.

11. PENSION PLANS- continued

Component Unit – VIT

Plan Description

The Virginia International Terminals, LLC Pension Plan (VITPP) is a single employer, noncontributory defined benefit pension plan administered by VIT. The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions and obligations are established and may be amended by resolutions of the Board of Commissioners of the Virginia Port Authority. The plan issues a stand-alone financial report. The most recent report is as of September 30, 2014 and is available upon request from VPA's administrative offices.

Benefits Provided

VITPP provides retirement, disability, and death benefits to plan members and beneficiaries. Normal Retirement benefits are in the form of life annuities based on the Normal Retirement Benefit which is calculated as 1.4% x Final Average Earnings x Credited Service PLUS 0.4% x Final Average Excess Earnings x Credited Service (max. 35 years). Final Average Earnings is the highest average of the employee's Benefit Earnings in sixty (60) consecutive months of Credited Service. Final Average Excess Earnings is the excess, if any of Final Average Earnings over Covered Compensation. Covered Compensation is equal to the 35 year average of the Social Security Taxable Base during an employee's working career. Entry into the plan was frozen as of June 30, 2012. Vesting is over seven years of service, ranging from 20% at 2 years of service, with 60% at 5 years of service and full vesting at 7 years of service. Disability Benefits are available to those with 5 years of credited service and eligibility for Social Security disability benefits is required. Benefits commence on an employee's normal retirement date and are computed using credited service as of the normal retirement date and final average earnings as of the disability retirement date. Pre-retirement Death Benefits are payable to the spouse of a vested employee who dies before retirement benefits have begun. The Benefit will be equal to the monthly amount the spouse would have received if the employee had terminated employment just before their death, serviced to the earliest date on which they could have retired, and died having elected a 50% joint and survivor benefit.

11. PENSION PLANS- continued

Component Unit – VIT - continued

Benefits Provided - concluded

Employees covered by the benefit terms as of June 30, 2015:

Inactive employees or beneficiaries currently receiving benefits	239
Inactive employees entitled to but not yet receiving benefits	150
Active eligible employees	288
Total	677

Contributions

The plan sponsor's funding policy is to contribute the amount necessary to meet the minimum funding requirements of Internal Revenue Code Sections 412 and 430. From time to time the plan sponsor, at its sole discretion, may contribute an amount above the minimum required contribution.

If the plan sponsor fails to pay the minimum required contribution by 8½ months after the end of the plan year, the plan sponsor will be required to pay a 10% excise tax under IRC Section 4971 on the amount of any unpaid minimum required contributions. This tax can increase to 100% if the unpaid minimum required contribution is not corrected in subsequent plan years.

PBGC Premiums

ERISA established the Pension Benefit Guaranty Corporation (PBGC), under the jurisdiction of the Department of Labor, to guarantee most vested retirement benefits and certain disability and survivor pensions.

Plans covered by the PBGC insurance program must file an annual premium filing each year with the PBGC via their online myPAA system within 9 1/2 months after the beginning of the plan year. All plans must pay a basic premium based on the number of participants as of the end of the previous plan year, and plans with unfunded vested benefits must also pay an additional risk-related premium to the PBGC. Due to the short plan year, the total premium due is prorated. The prorated premium amount payable is $199,826 vs. the $266,434 calculated for a full year.

Net Pension Liability

VIT's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

11. PENSION PLANS- continued

Component Unit – VIT - continued

Actuarial Present Value of Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits is determined by an independent actuary using end of year benefit information as of September 30, 2014, and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of September 30, 2014 were (a) life expectancy of participants (the RP-2014 Mortality Table with General Projection (Scale MP-2014), (b) retirement age (age 65), (c) investment return (average rate of return of 7.5%), (d) taxable wage base (3%), (e) salary scale for post-1996 hires (5.5%) and (f) salary scale assumption of 6.5%, applied to valuation pay, was added for pre-1997 hires. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Asset Valuation Method

IRC Section 430(g) provides that plan assets be valued at either their fair market value on the valuation date or at the “average” value of assets on the valuation date. Under the average value, the value of plan assets is set equal to the average of the fair market value of assets on the valuation date and the adjusted fair market value of assets (including expected earnings) determined for one or more earlier determination dates (up to a 2-year limit). The resulting average value must be constrained so that it falls between 90 and 110 percent of the fair market value of plan assets on the valuation date. Contributions for a prior plan year that are made after the beginning of this plan year are adjusted for interest at the effective interest rate under Section 430(h)(2).

The components of annual pension cost and accrued pension obligation are as follows:

Net accrued pension obligation, beginning of year, as restated	$ 12,313,432
Annual pension cost	1,788,251
Contributions made	(3,457,608)
Net accrued pension obligation, end of year	$ 10,644,075

11. PENSION PLANS- continued

Component Unit – VIT - continued

The long-term expected rate of return on pension investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation for each major asset class is summarized in the following table (long-term expected rates of return were unavailable at the time the consolidated financial statements were issued):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.4%	-
Fixed Income	37.2%	-
Domestic and International Equities	45.7%	-
Real Estate	7.0%	-
Other Investments	9.7%	-
	100.0%	

The following presents the net pension liability of the VITPP, calculated using the discount rate of 7.5 percent, as well as what VITPP's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

Discount Rate Sensitivity - Net Pension Liability at End of Period:

	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
Total Pension Liability	$ 107,475,162	$ 95,352,033	$ 85,133,593
Plan Fiduciary Net Position	84,707,958	84,707,958	84,707,958
Net Pension Liability	$ 22,767,204	$ 10,644,075	$ 425,635

Deferred Inflows of Resources Related to Pensions

At June 30, 2015, reported inflows of resources related to pensions originated from the following sources:

	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 1,398,319
Net Difference between Projected and Actual Plan Investment Earnings	199,289
Total	$ 1,597,608

11. PENSION PLANS- continued

Component Unit – VIT – continued

Deferred Inflows of Resources Related to Pensions - concluded

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Scheduled Recognition of Deferred Inflows (reduction to pension expense):

2016	$ (481,403)
2017	(481,403)
2018	(481,403)
2019	(153,399)
Total	$ (1,597,608)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/214	$ 92,954,125	$ 80,640,693	$ 12,313,432
Changes for the year:			
Service cost	1,351,708	-	1,351,708
Interest	6,876,416	-	6,876,416
Differences between expected and actual experience	(1,829,899)	-	(1,829,899)
Contributions - employer	-	1,860,000	(1,860,000)
Net investment income	-	6,207,582	(6,207,582)
Benefit payments, including refunds of employee contributions	(4,000,317)	(4,000,317)	-
Net changes	2,397,908	4,067,265	(1,669,357)
Balances at June 30, 2015	$ 95,352,033	$ 84,707,958	$ 10,644,075

11. PENSION PLANS- continued

Component Unit – VIT – concluded

Contributions - employer	$ 1,860,000
Net investment income	6,207,582
Benefit payments, including refunds of employee contributions	(4,000,317)
Net change in plan fiduciary net position	4,067,265
Plan fiduciary net positon - beginning	80,640,693
Plan fiduciary net position - ending	$ 84,707,958
Company's net pension liability - ending	$ 10,644,075
Plan fiduciary net positon as a percentage of the total pension liability	88.84%
Covered-employee payroll	$ 23,660,725
Company's net pension liability as a percentage of covered-employee payroll	9.12%

The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the consolidated financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

VIT also sponsors noncontributory supplemental plans covering certain key employees. Assets of $2,674,172 in 2015 have been allocated for future benefit payments under the provisions of the supplemental plans. The accrued liability was $2,784,829 as of June 30, 2015. There were no contributions to the plans for the year ended June 30, 2015.

In addition, VIT sponsors a deferred compensation plan and a matching savings plan under Internal Revenue Code Sections 457 and 401(a), respectively, which cover substantially all non-union employees with 90 days or more of service. The matching savings plan requires VIT to match employee contributions in an amount equal to 50% of the first 3% of the participant's base pay contributed to the deferred compensation plan. VIT's total contribution to the matching savings plan was $366,389 for the year ended June 30, 2015.

12. OTHER POST RETIREMENT EMPLOYEE BENEFITS ("OPEB")

The Virginia Port Authority offers post-retirement medical and dental benefits to Authority employees who retire under either the VRS or VPA pension plans. Employees who maintain status under VRS are covered under the state health care plan administered by VRS. Information relating to this plan is available at the statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report (CAFR). For employees and their spouses, who are participants in the VPA medical plan (not participants under the state health care plan under VRS), benefit provisions and obligations are established and may be amended by the Board of Commissioners of the Authority. Under the VPA medical plan, eligible retirees, spouses and surviving spouses ("Retirees") are permitted to participate with active employees in the VPA group health care plan.

Retirees, must pay all premiums (100%) assigned to them as determined by the group rate designations as supplied to the Authority by the health care insurance provider. Medicare-eligible employees have post-retirement health care coverage provided through a separate plan known as "Advantage 65" which is priced to be fully supported by retiree contributions.

Retirees under the age of 65 ("Early Retirees") make a contribution for coverage that represents a blended rate of active and retired employee experience. Since claims will normally be higher for Early Retirees than claims for the active workforce, the blended rate is insufficient to cover the true cost for Early Retirees and thus an implicit subsidy exists.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Calculations are based on the benefits provided under the terms of the substantive plan in the effect at the time of each valuation and on the pattern of sharing of costs between the employer and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitation on the pattern of cost sharing between the employer and the plan members in the future.

Actuarial calculations reflect a long-term perspective. Consistent with that perspective, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actual value of assets.

12. OTHER POST RETIREMENT EMPLOYEE BENEFITS – continued

Actuarial Methods and Assumptions - continued

The Authority's OPEB actuarial valuation dated July 1, 2014 for fiscal years 2014 and 2015 used the entry age normal cost actuarial method to estimate the unfunded actuarial liability and to determine the annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.0% rate of return on invested assets, which is the Authority's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4.0% per year, and an annual healthcare cost trend rate of 8.5% initially for fiscal year 2014, reduced to an ultimate rate of 5.5% for the fiscal year ending June 30, 2020. The dental cost trend rate is 6.5% for fiscal year ended June 30, 2014 grading to 4.5% for fiscal year ending June 30, 2018. The unfunded actuarial accrued liability and gains/losses are being amortized as a level percentage of projected payroll on a closed basis over 30 years. General inflation is assumed to average 2.5%.

Funding Policy

The Authority has not advanced-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. For the 2015 fiscal year, retirees and eligible dependents received postemployment health care benefits. Required contributions are based on projected pay-as-you-go financing. Fiscal year 2015 estimates projected $378,870 in benefit payments on behalf of retirees for claims expenses and retention costs with $108,643 in estimated premiums from retirees for a total contribution towards OPEB costs of $270,227.

The following table illustrates key financial information.

	Estimate June 30, 2015	Actual June 30, 2014
(1) Net Claims	$ 270,227	$ 83,683
(2) Annual Required Contribution (ARC)	$ 47,966	$ 67,151
(3) Annual OPEB Cost (AOC)	$ 48,800	$ 68,053
(4) End of Year Net OPEB Obligation (Asset) (NOO)	($ 26,718)	$ 194,709

12. OTHER POST RETIREMENT EMPLOYEE BENEFITS – continued

Liabilities and Normal Cost

The following table illustrates the liabilities and normal cost as of the valuation date used for the development of the foregoing financial information.

	Fiscal Year Beginning July 1, 2014	Fiscal Year Beginning July 1, 2013
(1) Accrued Liability		
Active	$ 95,928	$ 104,065
Inactive	724,244	1,241,659
Total	$ 820,172	$ 1,345,724
(2) Normal Cost	$ 11,423	$ 12,904

Annual OPEB Cost and Net OPEB Obligation

The following table illustrates the liabilities and normal cost as of the valuation date used for the development of the foregoing financial information.

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
(1) Unfunded Accrued Liability at Beginning of Year	$ 820,172	$ 1,132,804
(2) Annual Required Contribution (ARC)		
Amortization Amount	34,698	51,664
Normal Cost	11,423	12,904
Interest	1,845	2,583
Total	47,966	67,151
(3) Less Amortization of NOO	6,954	7,512
(4) Plus Interest on NOO	7,788	8,414
(5) Annual OPEB Costs (AOC)	$ 48,800	$ 68,053

12. OTHER POST RETIREMENT EMPLOYEE BENEFITS – continued

Annual OPEB Cost and Net OPEB Obligation - continued

The following table reflects the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation for fiscal year 2014 and estimated for fiscal year 2015:

	Fiscal Year Ended	
	June 30, 2015 est.	**June 30, 2014**
(1) Normal Cost	$ 11,423	$ 12,904
(2) Amortization of Unfunded Accrued Liability	34,698	51,664
(3) Interest	1,845	2,583
(4) Annual Required Contribution	47,966	67,151
(5) Interest on Net OPEB Obligation (NOO)	7,788	8,414
(6) Amortization of NOO	(6,954)	(7,512)
(7) Total Expense or Annual OPEB Cost (AOC)	48,800	68,053
(8) Actual (Contribution)/Income Toward OPEB Cost	(270,227)	(83,683)
(9) Increase in NOO	(221,427)	(15,627)
(10) NOO Beginning of Year	194,709	210,339
(11) NOO (Asset) End of Year	$ (26,718)	$ 194,709

The Authority's historical annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year	AOC	Contribution	Percent of AOC Contributed	NOO
06/30/2015	$48,800	$270,227	553.7%	$(26,718)
06/30/2014	68,053	3,683	123.0%	194,709
6/302/2013	64,774	9,821	61.5%	210,339
06/30/2012	45,670	9,040	41.7%	185,386
06/30/2011	43,242	(2,168)	(5.0%)	158,756
06/30/2010	44,628	16,361	36.7%	113,346
06/30/2009	34,167	(7,398)	(21.7%)	85,079

12. OTHER POST RETIREMENT EMPLOYEE BENEFITS - continued

Annual OPEB Cost and Net OPEB Obligation - concluded

The following table illustrates the development of the Annual OPEB Cost and an estimate of the fiscal year end Net OPEB Obligation required by GASB 45.

			Fiscal Year Ended	
			June 30, 2015 est.	June 30, 2014
(1)		Interest Rate	4.0%	4.0%
(2)		Annual OPEB Cost (AOC)		
	(a)	Annual Required Contribution of Employer (ARC)	$ 47,966	$ 67,151
	(b)	Less Amortization of NOO	6,954	7,512
	(c)	Plus Interest on NOO	7,778	8,414
	(d)	Total AOC	48,800	68,053
(3)		End of Year Net OPEB Obligation (NOO)		
	(a)	Actual Beginning of Year NOO	194,709	210,339
	(b)	Plus Actual AOC	48,800	68,053
	(c)	Minus Contributions	270,227	83,683
	(d)	End of Year NOO (Asset)	$ (26,718)	$ 194,709

12. OTHER POST RETIREMENT EMPLOYEE BENEFITS - continued

Funded Status and Funding Progress

As of June 30, 2015, the estimated actuarial accrued liability for benefits was $820,172, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $820,172. The covered payroll (annual payroll for active participating employees) was $5,753,440 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 14.3%.

The following table illustrates the funding progress for the Authority as required by GASB:

	Fiscal Year Ended June 30, 2015 est.	June 30, 2014
(1) Interest Rate	4.0%	4.0%
(2) Covered Payroll	$ 5,753,440	$ 6,088,610
(3) Assets	-	-
(4) Accrued Liability as of the Fiscal Year End based on prior years valuation data		
(a) Active	$95,928	$95,928
(b) Inactive	724,244	724,244
(c) Total	$ 820,172	$ 820,172
(5) Unfunded Actuarial Accrued Liability	$ 820,172	$ 820,172
(6) Funded Ratio	0.0%	0.0%
(7) Unfunded as a Percent of Covered Payroll	14.3%	13.5%

Funded Status and Funding Progress

The following table illustrates the funding progress history required by GASB:

Actuarial Valuation Date	Actuarial Assets	Accrued Actuarial Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability to Annual Covered Payroll
06/30/2014	$-	$820,172	$820,172	$-	$6,088,610	13.5%
6/302/2013	-	1,345,724	1,345,724	-	6,875,817	19.6%
06/30/2012	-	1,320,613	1,320,613	-	8,354,829	15.8%
06/30/2011	-	321,282	321,282	-	8,301,582	3.9%
06/30/2010	-	339,978	339,978	-	8,113,550	4.2%

12. OTHER POST RETIREMENT EMPLOYEE BENEFITS - continued

Sensitivity Trends

Medical Benefits	Liability	Normal Cost	AOC
Current Assumption	$820,172	$ 11,423	$ 48,800
1% Increase in Trend	854,753	13,289	52,026
	4.2%	16.3%	6.6%

The following table illustrates a 3-year forecast of Cash Outlay, Annual OPEB Cost (AOC) and Net OPEB Obligation (NOO).

Fiscal Year Ending	Cash Outlay*	Annual OPEB Cost (AOC)	End of Year Net OPEB Obligation (NOO)	
6/30/2016	$103,769	$ 41,132	$ (89,355)	
6/30/2017	73,459	39,970	(122,844)	
6/30/2018	66,395	NA	478,001	New Rules

GASB has released its exposure draft on how the accounting results are presented for fiscal years ending 2018 and later. This will be a major step toward getting the OPEB obligation into the financial statement. Currently, the unfunded liability is a footnote in the Comprehensive Annual Financial Report (CAFR) while the NOO is reported on the balance sheet. The NOO is equal to a running total of the AOC less employer contributions. In the future, the NOO will be replaced by the unfunded liability, which is the difference in the actuarial liability and any assets. The unfunded liability will be not just be foot noted, but will be disclosed in the face of the financial statement alongside other liabilities emphasizing that the OPEB liability is another obligation that the Authority will be required to fulfill.

Actuarial valuations are required at least biennially for OPEB plans with a total membership of 200 or more. The latest actuarial report on the VPA Postemployment Health Care Plan dated August 8, 2014 with a valuation date of July 1, 2014, may be obtained by contacting the Finance Division of the Authority.

12. OTHER POST RETIREMENT EMPLOYEE BENEFITS - continued

Component Unit – VIT

VIT also sponsors a non-pension post-retirement medical insurance benefits plan that covers individuals who are at least 55 years of age with 20 years of service. The significant actuarial assumptions used in the valuations were (a) discount rate for net periodic postretirement benefit cost (4.00%), (b) payroll growth rate (3.5%), (c) rate of increase in medical claims cost at the valuation date (7.50%), (d) period over which accrued actuarial liabilities are amortized (30 years), (e) general inflation rate (2.5%), and (f) actuarial value of assets (fair value).

VIT is required to contribute the annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years on a closed basis. The following table shows the components of the annual OPEB costs for the year, the amounts actually contributed for the year, and the changes in the net OPEB.

Annual OPEB Cost (AOC)		
Annual Required Contribution of Employer (ARC)	$	467,292
Less Amortization of NOO		(50,507)
Plus Interest on NOO		53,747
Total AOC	$	470,532
End of Year Net OPEB Obligation (NOO)		
Actual Beginning of Year NOO	$	1,343,674
Plus Actual AOC		470,532
Less Contributions		(467,292)
End of Year NOO	$	1,346,914
Interest Rate		4.0%
Covered Payroll	$	27,063,854
Assets	$	-
Accrued Liability at Fiscal Year End		
(a) Active	$	2,138,059
(b) Inactive		827,856
(c) Total	$	2,965,915
Unfunded Actuarial Accrued Liability	$	2,965,915
Funded Ratio		0.0%
Unfunded as a Percent of Covered Payroll		10.96%

12. OTHER POST RETIREMENT EMPLOYEE BENEFITS - concluded

Component Unit – VIT - concluded

Membership in the plan included the following at July 1, 2014, the date of the latest actuarial valuation:

Retirees receiving benefits	43
Active plan members	274
Total	317

The Company's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
June 30, 2015	$ 470,532	99.31%	$ 1,346,914

13. TERMINATION BENEFITS

Early Retirement Incentive ("ERI")

On September 27, 2011, the Board of Commissioners for the Virginia Port Authority adopted Resolution 11-10 and the Eleventh Amendment to the Pension Plan, approving an immediate retirement incentive window, to offer a one-time incentive to allow participants aged 55 or older with at least 5 years of creditable service or at least 50 years of age with 10 years or more of creditable service or Law Enforcement eligible employees aged 50 or older with at least 5 years of creditable service to receive up to three years of credited service—not to exceed what would have been earned at age 65—in exchange for termination of their employment. ERI eligible employees were offered an option to receive a portion as a lump sum benefit in addition to being offered health insurance at the employee rate for the lesser of 3 years or until age 65. Thirty-one (31) participants elected to accept this offer, resulting in additional pension expense of $2,011,422 and additional health care expense of $384,048. Pension expense has been included in the annual pension cost disclosed in Footnote 11. As of June 30, 2015, there remains an accrued liability for health care of $0.

13. TERMINATION BENEFITS - concluded

Early Retirement Incentive ("ERI") – concluded

On May 28, 2013, the Board of Commissioners for the Virginia Port Authority adopted Resolution 13-8 , approving an immediate retirement incentive window, to offer a one-time incentive to allow participants aged 55 or older with at least 5 years of creditable service or at least 50 years of age with 10 years of more of creditable service or Law Enforcement eligible employees aged 50 or older with at least 5 years of creditable service to receive up to three years of credited service—not to exceed what would have been earned at age 65—in exchange for termination of their employment. ERI eligible employees were offered an option to receive a portion as a lump sum benefit in addition to being offered health insurance at the employee rate for the lesser of 3 years or until age 65. Four (4) participants elected to accept this offer, resulting in additional pension expense and additional health care expense of $123,448. Pension expense has been included in the annual pension cost disclosed in Footnote 11. As of June 30, 2015, there remains an accrued liability for health care of $36,366.

14. ACCRUED WORKERS' COMPENSATION COSTS

Component Unit – VIT

Included in accrued workers' compensation costs are a workers' compensation claims component and an accrued Department of Labor assessment component. The workers' compensation claims component consists of the Company's estimate of its continuing liability for injuries which occurred during periods of self-insurance. The balances at June 30, 2015 are classified as follows:

		2015
Workers' compensation claims, current portion	$	123,796
Workers' compensation claims, noncurrent portion		621,896
Total	$	745,692

The accrued Department of Labor (DOL) assessment component is the Company's estimate of the present value of its future liability to the Department of Labor for participation in the U.S. Department of Labor's Second Injury Fund. The total liability has been discounted using a rate of 7.5% at June 30, 2015. The undiscounted liability totaled approximately $2,498,000 at June 30, 2015. The Company expects to pay these assessments annually through 2025. The balances at June 30, 2015 are classified as follows:

		2015
Accrued DOL assessment, current portion	$	780,322
Accrued DOL assessment, noncurrent portion		1,068,137
Total	$	1,848,459

15. RISK MANAGEMENT AND EMPLOYEE HEALTH CARE PLANS

The Authority is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Authority participates in a General/Law Enforcement Liability plan called “VARisk 2” maintained by the Commonwealth of Virginia. Health care related benefits for employees hired prior to July 1, 1997 are covered by the state employee health care plan administered by the Department of Human Resource Management. Information relating to the Commonwealth’s insurance plans is available at the statewide level in the Commonwealth of Virginia’s Comprehensive Annual Financial Report (CAFR).

Through its operating agreement, the Authority requires Virginia International Terminals, LLC to maintain property insurance coverage on all plant and equipment located on the terminals.

The Authority maintains its own insurance coverage for health (for employees hired on or after July 1, 1997), property, auto, workers’ compensation, and international liabilities, as well as an umbrella policy providing excess liability coverage over and above losses not covered in primary policies. The Authority is partially self-insured for employee health coverage. The Authority is responsible for actual claim costs up to $125,000 per individual for calendar year 2015. Insurance coverage is maintained for claims in excess of the individual employee limit and for aggregate claims in excess of $8,371,127 across all VPA and VIT entities.

Component Unit – VIT

VIT participates in a workers compensation insurance pool. VIT remains obligated under its former self-insured plan for future losses as a result of accidents that occurred prior to April 12, 1999. VIT is partially self-insured for those workers' compensation claims and maintains insurance coverage of $5,000,000 per claim, but is obligated to pay the first $1,000,000 of any individual's claims per incident.

The Company is also partially self-insured for employee health coverage. The Company is responsible for actual claim costs up to $125,000 per individual for calendar year 2015. Insurance coverage is maintained for claims in excess of the individual employee limit and for aggregate claims in excess of $8,371,127 across all VPA and VIT entities.

Insurance expense under these policies totaled $11,334,664 for the year ended June 30, 2015.

16. RELATED PARTIES

On August 8, 2014, an Agreement for Shared Services was executed between the VPA and VIT and HRCPII (Port Entities), in an effort to streamline the administration of The Port of Virginia and reduce costs. Services to be shared are Accounting and Finance, Purchasing, Risk Management and Human Resources. Effective July 1, 2015, the agreement is to include Information Technology support. Costs are billed to each entity based on a budgeted allocation with a true-up to actual cost on a quarterly but no less than annual frequency. The Shared Services Agreement became effective on January 1, 2015. For the year ended June 30, 2015, VIT's allocated services were $2,142,631 and HRCP II's were $95,877.

During fiscal year 2015, VIT provided information technology support services to the VPA. The total cost of these services provided was approximately $709,000 for the year ended June 30, 2015. Effective July 1, 2015, the VPA hired (assumed) certain information technology support employees from VIT. Those employees will be employed by the VPA with services provided to VIT to be incorporated in the Shared Services Agreement for fiscal year 2016.

VIT also makes lease payments on behalf of the VPA for various equipment and office space. Total payments on behalf of the VPA for these lease agreements totaled $770,697 for the year ended June 30, 2015.

From time to time, related parties will extend short term cash advances. They are identified in the Statement of Cash Flows in the Capital and Related Financing Activities section as Contributions and Advances from Related Parties. For the year ended June 30, 2015, VIT received $12,765,022 from the VPA and $2,665,000 from HRCPII. HRCPII contributions were passed through to the VPA. No interest is earned or charged on any advances. At June 30, 2015, there were no related party advances outstanding between any of the Port Entities.

For the year ended June 30, 2015, VIT transferred $94,015,235 as Operating Cash Transfers to the VPA per the Operating Agreement. VIT also collected and remitted to the VPA $7,606,740 in Security Surcharges from Port customers for the year ended June 30, 2015.

On January 1, 2015, a liability for compensated absences in the amount of $196,332 was transferred from VIT to the VPA for benefits earned by employees from VIT to VPA during their service with VIT. Employees will have until December 31, 2019 to utilize the leave balances associated with this liability.

17. PRIOR PERIOD ADJUSTMENT

An error in the calculation of Capitalized Interest (Cap-I) in fiscal years prior to 2015 was detected during the current fiscal year and prior period records have been restated through beginning balance adjustments to construction in progress (CIP), the actual capital assets accounts, accumulated depreciation and through net position for the changes in interest expense and depreciation expense related to the assets involved. The changes have been recognized retrospectively and accounts have been restated as detailed below. The restatement affects the beginning balances in Note 5 – Changes in Capital Assets and Net Position by $28,658,083. The Net Position change was an additional $2,163,118 for Depreciation Expense in prior years and a reduction in Interest Expense in prior years of $30,821,201 for a net change of $28,658,083.

A summary of changes in capital assets due to prior year adjustments follows:

	Balance June 30, 2014	Cap-I Prior Adjustments Net	Restated Balance June 30, 2014
Capital assets not being depreciated:			
Land and improvements	$ 105,727,987	$ (188,166)	$ 105,539,821
Construction in progress	108,910,617	22,225,741	131,136,358
Total capital assets not being depreciated	214,638,604	22,037,575	236,676,179
Other capital assets:			
Infrastructure	590,862,548	6,406,181	597,268,729
Buildings	95,068,634	433,123	95,501,757
Improvements other than buildings	30,975,360	71	30,975,431
Equipment	286,574,672	1,880,882	288,455,554
Total other capital assets at historical cost	1,003,481,214	8,720,257	1,012,201,471
Less accumulated depreciation for:			
Infrastructure	232,468,236	1,242,950	233,711,186
Buildings	59,164,087	128,474	59,292,561
Improvements other than buildings	23,211,860	(811)	23,211,049
Equipment	161,520,004	729,137	162,249,141
Total accumulated depreciation	476,364,187	2,099,750	478,463,937
Other capital assets, net	527,117,027	6,620,507	533,737,534
Total capital assets, net	$ 741,755,631	$ 28,658,083	$ 770,413,713

18. CHANGE IN ACCOUNTING PRINCIPLE

GASB 68

The Authority has adopted the applicable GASB guidance for pension accounting. GASB Statement No. 68 *Accounting and Financial Reporting for Pensions--an amendment of GASB Statement No. 27*, replaces the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50 *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of GASB Statement No. 27 and GASB Statement No. 50 remain applicable for pensions that are not covered by the scope of Statement 68. The requirements of GASB Statement No. 68 are effective for fiscal year 2015. Implementation of this statement resulted in a $7,170,405 million reduction in beginning net position on the Authority's consolidated fiscal year 2015 financial statement.

Component Unit – VIT

As of June 30, 2014, VIT has adopted the applicable GASB guidance for pension accounting GASB Statement No. 68 *Accounting and Financial Reporting for Pensions--an amendment of GASB Statement No. 27*, replaces the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50 *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of GASB Statement No. 27 and GASB Statement No. 50 remain applicable for pensions that are not covered by the scope of Statement 68. The requirements of GASB Statement No. 68 are effective for fiscal year 2015. Implementation of this statement resulted in a $22,745,158 reduction in beginning net position on the Company's consolidated fiscal year 2015 financial statement.

19. SUBSEQUENT EVENTS

On July 1, 2015, all Information Technology (IT) personnel were transferred from VIT to the Authority, consistent with the goal of streamlining the administration of The Port of Virginia and reducing costs.

In September 2015, the City Council of Richmond, Virginia approved a proposal that will allow The Port of Virginia to extend its lease of the Port of Richmond for 40 additional years. The existing lease was scheduled to expire in October 2016. The lease, when consummated, will provide VPA with, among other things, the ability to appoint a terminal operator, and have right of first refusal with respect to any sale or transfer by the City of all or any portion of the leased premises. The ultimate lease payments are expected to be on an annual basis, with the ultimate amount contingent upon certain economic development results to be determined between VPA and the City.

19. SUBSEQUENT EVENTS - concluded

Management has evaluated subsequent events through October 30, 2015, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
(RSI)
(UNAUDITED)
(including Component Unit Virginia International Terminals, LLC)

VIRGINIA PORT AUTHORITY
VPA DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS

	Fiscal Year June 30, 2015
Contractually required contribution	$ 525,696
Contributions in relation to the contractually required contribution	525,696
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 5,707,279
Contributions as a percentage of covered-employee payroll	9.21%

Notes to Schedule:

1) Valuation date: July 1, 2014

2) Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Aggregate Level Percent of Payroll
Remaining amortization period	20-29 years
Asset valuation method	Fair Value
Cost-of-living adjustments	2.50%
Projected salary increases	4.0%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

VIRGINIA PORT AUTHORITY
VPA DEFINED BENEFIT PENSION PLAN
CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Fiscal Year June 30, 2015
Total Pension Liability	
Service cost	$ 387,024
Interest	971,904
Pension liability loss	262,908
Benefit payments, including refunds of employee contributions	(1,102,947)
Net change in total pension liability	518,889
Total pension liability - beginning	12,964,772
Total pension liability - ending (a)	$ 13,483,661
Plan Fiduciary Net Position	
Contributions - employer	$ 525,696
Net investment income	1,618,319
Benefit payments, including refunds of employee contributions	(1,102,947)
Administrative expense	(111,083)
Net change in plan fiduciary net position	929,985
Plan fiduciary net position - beginning	9,255,469
Plan fiduciary net position - ending (b)	$ 10,185,454
Authority's net pension liability - ending (a) - (b)	$ 3,298,207
Plan fiduciary net position as a percentage of the total pension liability	75.54%
Covered-employee payroll	$ 5,707,279
Authority's net pension liability as a percentage of covered - employee payroll	57.79%

Notes to Schedule:

(1) **Changes of benefit terms:** There have been no significant changes to the pension benefit provisions since GASB 68 has become effective.

(2) **Changes of assumptions:** No changes in actuarial assumptions were made effective July 1, 2014.

(3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

VIRGINIA PORT AUTHORITY
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
June 30, 2014	$ -	$ 820,172	$ 820,172	-	$ 6,088,610	13.5%
June 30, 2013	-	1,345,724	1,345,724	-	6,875,817	19.6%
June 30, 2012	-	1,320,613	1,320,613	-	8,354,829	15.8%

VIRGINIA PORT AUTHORITY
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2014	$ -	0.00%
2013	-	0.00%
2012	-	0.00%

VIRGINIA INTERNATIONAL TERMINALS, LLC
DEFINED BENEFIT PLAN
SCHEDULE OF COMPANY CONTRIBUTIONS

	Fiscal Year June 30, 2015
Actuarially determined contribution	$ 3,072,285
Contributions in relation to the actuarially determined contribution	2,157,789
Contribution deficiency (excess)	$ 914,496
Covered-employee payroll	$ 23,660,725
Contributions as a percentage of covered-employee payroll	9.12%

Notes to Schedule:

Valuation date: Actuarially determined contribution rates are calculated as of September 30, the fiscal year of the plan.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level of Payroll, Closed
Remaining amortization	30 years
Asset valuation method	Fair Value
Inflation	2.5%
Projected salary increases	3.5%
Interest rate of return	4%
Retirement age	55
Mortality	RP2000 Combined Mortality Table (Projected Using Scale BB)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Company will present information for those years for which information is available.

VIRGINIA INTERNATIONAL TERMINALS, LLC
DEFINED BENEFIT PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

		Fiscal Year June 30, 2015
Total Pension Liability		
Service cost	$	1,351,708
Interest		6,876,416
Differences between expected and actual experience		(1,829,899)
Benefit payments, including refunds of employee contributions		(4,000,317)
Net change in total pension liability		2,397,908
Total pension liability - beginning		92,954,125
Total pension liability - ending (a)	$	95,352,033
Plan Fiduciary Net Position		
Contributions - employer	$	1,860,000
Net investment income		6,207,582
Benefit payments, including refunds of employee contributions		(4,000,317)
Administrative expense		-
Net change in plan fiduciary net position		4,067,265
Plan fiduciary net position - beginning		80,640,693
Plan fiduciary net position - ending (b)	$	84,707,958
VIT's net pension liability - ending (a) - (b)	$	10,644,075
Plan fiduciary net position as a percentage of the total pension liability		88.84%
Covered-employee payroll	$	23,660,725
VIT's net pension liability as a percentage of covered - employee payroll		44.99%

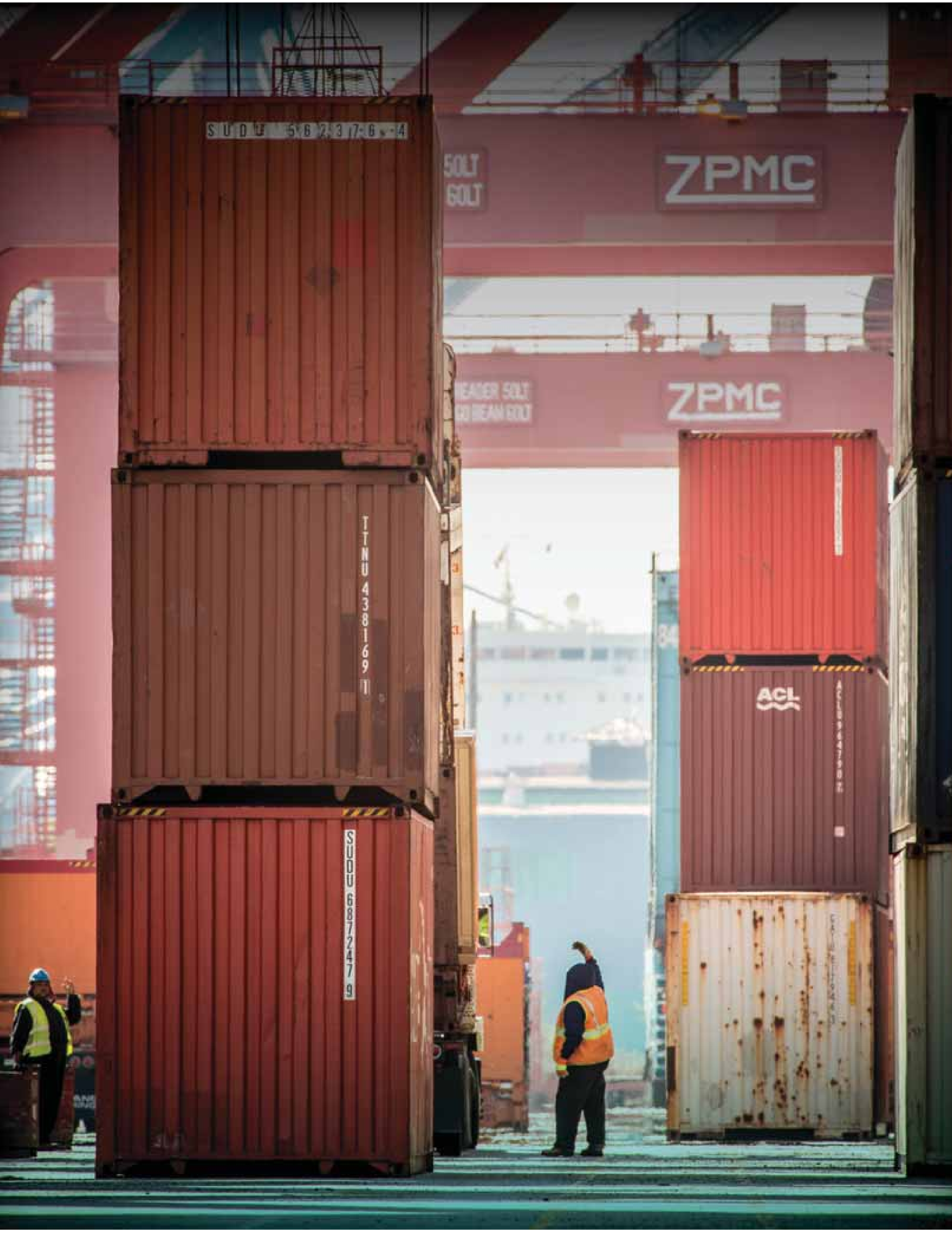
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Company will present information for those years for which information is available.

VIRGINIA INTERNATIONAL TERMINALS, LLC
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
June 30, 2015	$ -	$ 2,965,915	$ (2,965,915)	0.00%	$ 27,063,854	10.96%

VIRGINIA INTERNATIONAL TERMINALS, LLC
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2015	$ 467,292	93.31%


ZPMC
ZPMC
ACL

STATISTICAL SECTION
(unaudited)

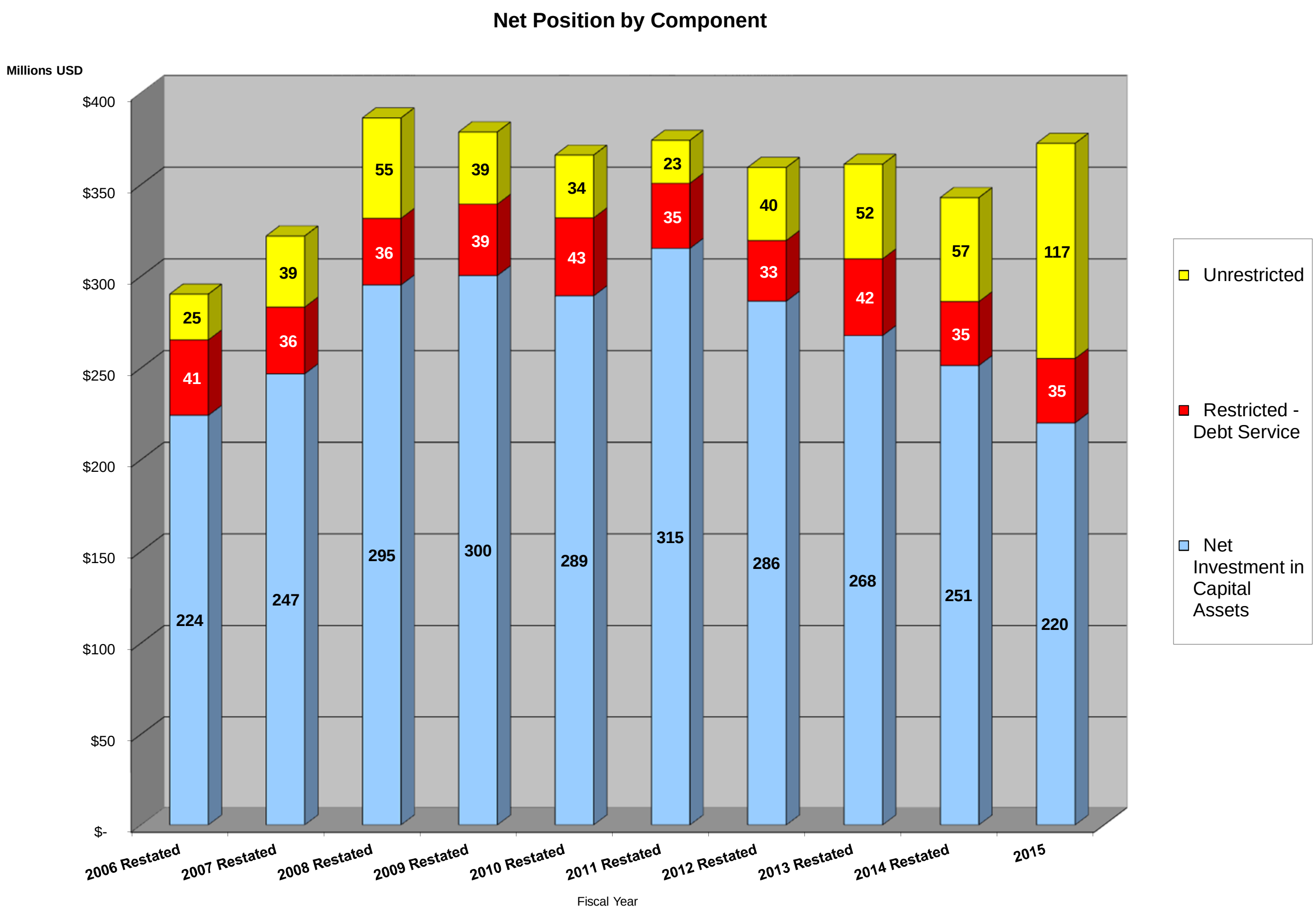
The objective of the statistical section is to provide information about the economic condition within which the Virginia Port Authority operates, to enable the user to more fully understand what the information in the financial statements, notes and supplementary information says about the Authority's overall financial condition. Unlike most governmental agencies, the Virginia Port Authority has no taxing authority and relies predominately on funds generated through business services at the Ports. Their economic conditions are unlike a taxing locality, where population demographics directly affects revenue. The Authority is influenced by worldwide economic conditions as opposed to more localized conditions.

Financial Trends *These schedules and graphs contain trend data about how the financial performance and condition of the Authority has changed over time.*

VIRGINIA PORT AUTHORITY
Net Position by Component
For the Fiscal Years 2006 Through 2015

	Fiscal Year									
	2006 Restated	2007 Restated	2008 Restated	2009 Restated	2010 Restated	2011 Restated	2012 Restated	2013 Restated	2014 Restated	**2015**
Net Position:										
Net Investment in Capital Assets	$ 224,220,031	$ 246,841,187	$ 295,284,451	$ 300,421,130	$ 289,355,155	$ 315,269,080	$ 286,446,478	$ 267,689,977	$ 251,399,957	$ 220,108,646
Restricted - Debt Service	41,122,205	36,390,367	36,319,428	38,925,250	42,519,110	35,478,707	33,081,525	41,833,813	34,823,401	35,065,073
Unrestricted	24,975,016	38,748,815	54,757,736	39,384,094	34,215,199	23,416,417	39,831,818	51,568,748	56,685,342	117,329,247
Total Net Position	$ 290,317,252	$ 321,980,369	$ 386,361,615	$ 378,730,474	$ 366,089,464	$ 374,164,204	$ 359,359,821	$ 361,092,538	$ 342,908,700	$ 372,502,966

Net Postion amounts have been restated to reflect the implementation of GASB 68 and the restatement of prior years due to the recapture of interest expensed into capital assets.



VIRGINIA PORT AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Years 2006 Through 2015

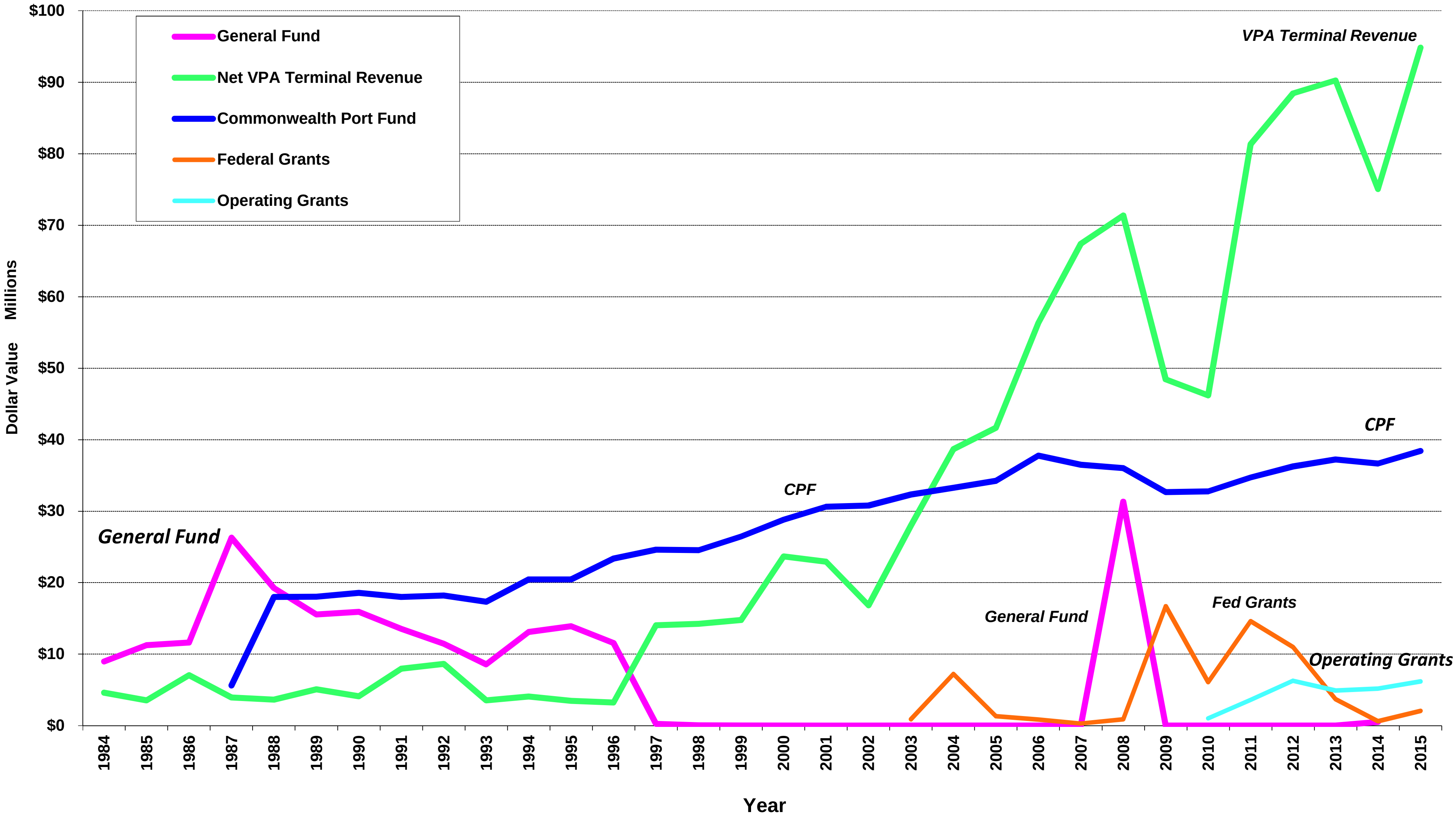
	2006 Restated	2007 Restated	2008 Restated	2009 Restated	2010 Restated	2011 Restated	2012 Restated	2013 Restated	2014 Restated	2015
Operating Revenues:										
Operating revenues from component unit	$ 56,330,102	$ 67,399,813	$ 71,370,049	$ 48,448,053	$ 46,184,870	$ 81,348,960	$ 88,458,998	$ 90,272,604	$ 75,058,836	$ 94,845,407
Other revenues	2,997,586	4,946,483	6,049,718	4,707,316	1,030,769	3,596,326	6,283,332	7,970,579	5,192,084	9,147,626
Operating revenues -Grants	-	-	-	-	4,742,848	6,274,000	6,519,292	4,903,439	7,762,729	6,179,493
Total operating revenues	59,327,688	72,346,296	77,419,767	53,155,369	51,958,487	91,219,286	101,261,622	103,146,622	88,013,649	110,172,526
Operating Expenses:										
Terminal operations	2,572,812	1,842,680	1,842,533	1,875,888	1,917,506	1,995,005	2,068,666	2,128,546	1,309,688	1,132,625
Terminal maintenance	5,773,381	4,586,595	4,878,215	6,055,480	6,849,226	7,962,089	10,492,515	8,731,182	8,324,365	8,936,463
General and administrative	16,997,029	21,153,082	23,263,380	20,191,192	19,748,554	22,600,035	22,089,260	18,577,038	26,205,663	19,213,457
Facility Rental	-	-	-	-	-	29,740,480	37,063,827	47,229,466	52,479,613	55,679,447
Depreciation and amortization	29,272,149	33,546,305	35,283,706	38,905,389	43,961,670	46,135,517	44,840,342	44,095,008	43,084,669	42,653,783
Total operating expenses	54,615,371	61,128,662	65,267,834	67,027,949	72,476,956	108,433,126	116,554,610	120,761,240	131,403,998	127,615,775
Operating income (loss)	4,712,317	11,217,634	12,151,933	(13,872,580)	(20,518,469)	(17,213,840)	(15,292,988)	(17,614,618)	(43,390,349)	(17,443,249)
Non-operating revenues (expenses)										
Interest income	4,181,708	6,983,909	4,290,858	1,855,775	578,313	697,221	636,920	482,181	330,581	441,454
Interest expense	(18,904,385)	(19,249,296)	(18,352,451)	(21,625,430)	(21,386,830)	(23,007,021)	(26,066,078)	(21,663,809)	(20,166,510)	(14,160,492)
Bond Issue Costs	(941,599)	(921,160)	(678,876)	(20,000)	(694,650)	(538,986)	(734,427)	(917,063)	(69,000)	(1,024,231)
Contra-Interest Expense	3,813,665	1,604,193	1,739,082	4,462,126	5,699,060	4,022,070	2,995,341	1,131,891	3,278,126	-
Commonwealth Rail Relocation income (& ARRA)	-	1,120,000	20,781,163	-	-	2,014,416	6,375,798	244,424	-	-
Commonwealth Rail Relocation expenses	-	(1,447,474)	(22,102,404)	(26,817,021)	(8,223,576)	(2,272,191)	(6,296,498)	(394,990)	(133,770)	-
Operating Expenses to Component Unit	(5,424,620)	(4,498,144)	-	(4,852,551)	-	-	-	-	-	-
Proceeds from federal government	840,276	300,787	876,048	16,711,588	6,076,191	12,588,643	4,612,432	3,471,137	626,643	740,452
Proceeds (to) from primary government	(325,365)	(173,802)	23,948,420	(155,867)	(105,427)	(261,468)	(297,267)	(158,628)	306,335	1,324,350
Proceeds from other State Agencies	-	-	7,388,750	-	-	-	-	-	-	-
Transfers to federal government - channel dredging	(6,762,000)	-	-	-	-	-	-	-	-	-
Voluntary Non-Exchange Revenue	-	-	-	1,900,000	-	-	-	-	-	-
Other income (expense)	100,339	166,303	35,590	38,825	7,787	8,996	8,722	-	-	-
Gain (loss) on disposals	(120,524)	(430,311)	(852,527)	3,793	(2,093,785)	88,879	(15,266,083)	708,585	2,652	-
Income (loss) before capital contributions and transfers	(18,830,187)	(5,327,361)	29,225,586	(42,371,342)	(40,661,386)	(23,873,281)	(49,324,128)	(34,710,890)	(59,215,292)	(30,121,716)
Capital contributions and transfers										
Commonwealth Port Fund allocation	37,769,900	36,500,057	36,036,914	32,663,448	32,784,966	34,717,391	36,252,985	37,223,718	36,652,218	38,418,111
Capital contributions (to) from component unit	(4,640,649)	1,968,604	662,502	6,229,410	668,987	1,068,266	956,079	27,200	159,171	(189,807)
Increase (decrease) in Net Position	14,299,064	33,141,300	65,925,002	(3,478,484)	(7,207,433)	11,912,376	(12,115,064)	2,540,028	(22,403,903)	8,106,588
Net Position - Beginning of Year	281,783,494	296,082,557	329,223,857	395,148,859	391,670,375	384,462,942	396,375,318	384,260,253	386,800,281	364,396,378
Net Position - End of Year	$ 296,082,557	$ 329,223,857	$ 395,148,859	$ 391,670,375	$ 384,462,942	$ 396,375,318	$ 384,260,253	$ 386,800,281	$ 364,396,378	$ 372,502,966

Note this has been reorganized to reflect non operating incomes and expenses as they are currently depicted in the financial statements presented herein.

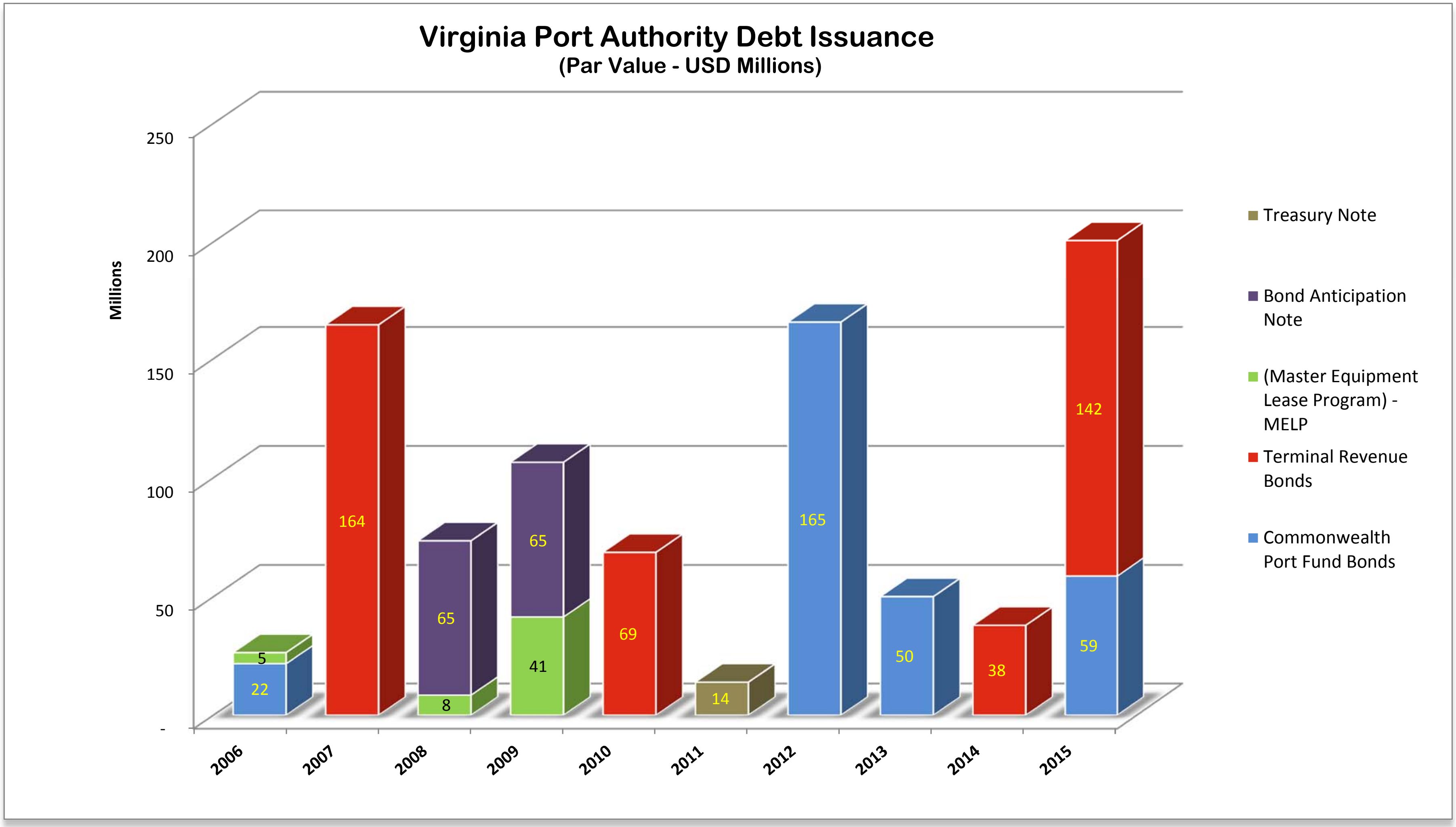
This has also been restated for the implementation of GASB 68 and the affect of the prior period adjustment for capitalized interest (see footnotes for details)

Revenue Capacity - These schedules and graphs contain trend data about how the revenue sources of the Authority have changed over time.

VIRGINIA PORT AUTHORITY - Revenue Comparisons



Debt Capacity *These schedules present information about the Authority's ability to pay debt service and their ability to issue debt in the future.*



Virginia Port Authority Debt Issuance
(Par Value - USD Millions)
Millions
250
200
150
100
50
-
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
5
22
164
65
8
65
41
69
14
165
50
38
142
59
Treasury Note
Bond Anticipation Note
(Master Equipment Lease Program) - MELP
Terminal Revenue Bonds
Commonwealth Port Fund Bonds

VIRGINIA PORT AUTHORITY
Commonwealth Port Fund (CPF) Revenue Bonds[1]
Debt Service Payment Requirements

Period Ending	Series 2005A (AMT)			Series 2006			Issued 7/27/2011 Series 2011			Issued 1/25/2012 Series 2012			Issued 9/26/2012 Series 2012-B			Issued 9/26/2012 Series 2012-C			Issued 6/23/2015 Series 2015			Total Bonds
June 30,	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Debt Service
2016	$ 1,930,000	$ 48,250	$1,978,250	$ 2,885,000	$154,413	$ 3,039,413		$ 2,868,500	$ 2,868,500	$ 6,400,000	$ 2,618,847	$ 9,018,847	$ 715,000	$ 1,124,393	$ 1,839,393		$ 224,150	$ 224,150		$ 1,532,200	$ 1,532,200	$ 20,500,752
2017				1,365,000	37,538	1,402,538		2,868,500	2,868,500	6,470,000	2,531,455	9,001,455	2,745,000	1,107,499	3,852,499		224,150	224,150		2,934,000	2,934,000	20,283,142
2018								2,868,500	2,868,500	6,575,000	2,423,521	8,998,521	2,775,000	1,075,965	3,850,965		224,150	224,150		2,934,000	2,934,000	18,876,136
2019								2,868,500	2,868,500	6,695,000	2,294,020	8,989,020	2,810,000	1,036,716	3,846,716		224,150	224,150		2,934,000	2,934,000	18,862,386
2020								2,868,500	2,868,500	6,835,000	2,138,591	8,973,591	2,855,000	988,762	3,843,762		224,150	224,150		2,934,000	2,934,000	18,844,003
2021								2,868,500	2,868,500	7,005,000	1,959,731	8,964,731	2,900,000	931,722	3,831,722		224,150	224,150		2,934,000	2,934,000	18,823,103
2022								2,868,500	2,868,500	7,190,000	1,759,489	8,949,489	2,970,000	865,796	3,835,796		224,150	224,150		2,934,000	2,934,000	18,811,935
2023								2,868,500	2,868,500	7,405,000	1,540,848	8,945,848	3,035,000	792,352	3,827,352		224,150	224,150		2,934,000	2,934,000	18,799,851
2024								2,868,500	2,868,500	7,625,000	1,304,419	8,929,419	3,115,000	710,979	3,825,979		224,150	224,150		2,934,000	2,934,000	18,782,048
2025								2,868,500	2,868,500	7,875,000	1,048,963	8,923,963	3,200,000	621,105	3,821,105		224,150	224,150		2,934,000	2,934,000	18,771,718
2026								2,868,500	2,868,500	8,140,000	773,005	8,913,005	3,295,000	521,348	3,816,348		224,150	224,150		2,934,000	2,934,000	18,756,003
2027								2,868,500	2,868,500	8,425,000	477,249	8,902,249	3,400,000	412,695	3,812,695		224,150	224,150		2,934,000	2,934,000	18,741,594
2028								2,868,500	2,868,500	8,730,000	162,378	8,892,378	3,510,000	297,098	3,807,098		224,150	224,150		2,934,000	2,934,000	18,726,126
2029							$ 2,565,000	2,804,375	5,369,375				3,630,000	172,611	3,802,611		224,150	224,150	$ 6,250,000	2,777,750	9,027,750	18,423,886
2030							2,690,000	2,673,000	5,363,000				2,930,000	53,853	2,983,853	$ 780,000	212,450	992,450	6,620,000	2,456,000	9,076,000	18,415,303
2031							2,820,000	2,535,250	5,355,250							4,015,000	100,375	4,115,375	6,780,000	2,121,000	8,901,000	18,371,625
2032							7,245,000	2,283,625	9,528,625										7,050,000	1,775,250	8,825,250	18,353,875
2033							7,610,000	1,912,250	9,522,250											1,599,000	1,599,000	11,121,250
2034							7,990,000	1,522,250	9,512,250											1,599,000	1,599,000	11,111,250
2035							8,390,000	1,112,750	9,502,750											1,599,000	1,599,000	11,101,750
2036							8,810,000	682,750	9,492,750											1,599,000	1,599,000	11,091,750
2037							9,250,000	231,250	9,481,250											1,599,000	1,599,000	11,080,250
2038																			7,420,000	1,413,500	8,833,500	8,833,500
2039																			7,790,000	1,033,250	8,823,250	8,823,250
2040																			8,180,000	634,000	8,814,000	8,814,000
2041																			8,590,000	214,750	8,804,750	8,804,750
	$ 1,930,000	$ 48,250	$ 1,978,250	$ 4,250,000	$ 191,950	$ 4,441,950	$ 57,370,000	$ 53,048,000	$ 110,418,000	$ 95,370,000	$ 21,032,516	$ 116,402,516	$ 43,885,000	$ 10,712,895	$ 54,597,895	$ 4,795,000	$ 3,450,925	$ 8,245,925	$ 58,680,000	$ 57,160,700	$ 115,840,700	$ 411,925,236

[1] The bonds are payable primarily from the Commonwealth Port fund. Such revenues currently consist of a portion of the additional revenues derived from motor vehicle fuel taxes, sales and use taxes, and annual motor vehicle registration fees.

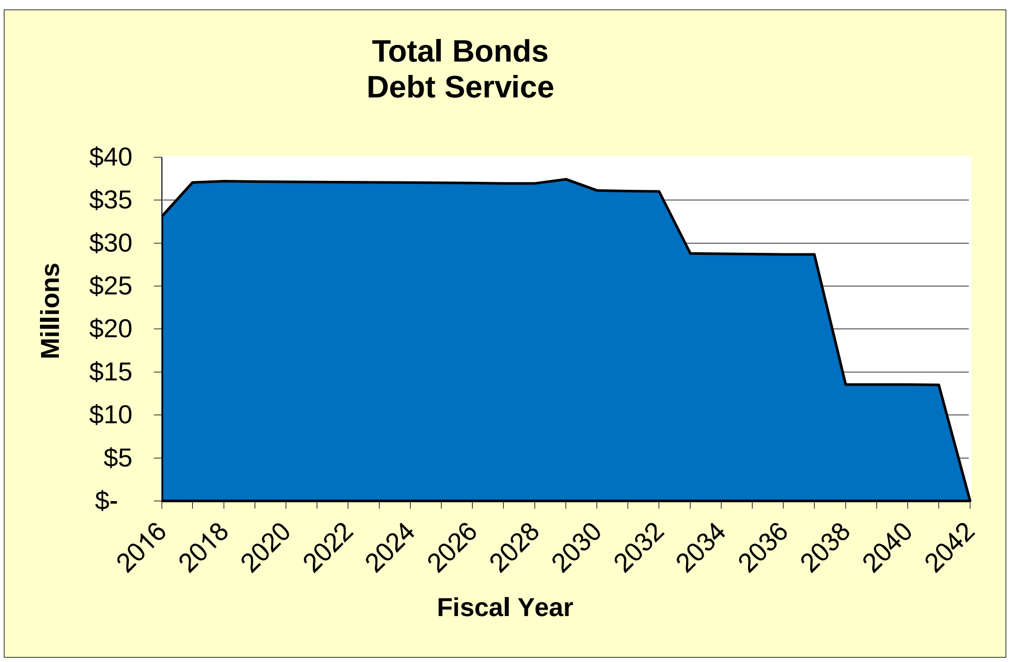
VIRGINIA PORT AUTHORITY
Port Facilities Revenue Bonds[1]
Debt Service Payment Requirements

Period Ending June 30,	Series 2007 Bonds++ Principal	Series 2007 Bonds++ Interest	Series 2007 Bonds++ Total	Series 2010 Bonds Principal	Series 2010 Bonds Interest	Series 2010 Bonds Total	Series 2013 Bonds Principal	Series 2013 Bonds Interest	Series 2013 Bonds Total	Series 2015A Bonds Principal	Series 2015A Bonds Interest	Series 2015A Bonds Total	Series 2015B Bonds Principal	Series 2015B Bonds Interest	Series 2015B Bonds Total	Total Bonds Debt Service
2016	$ 3,365,000	$ 260,875	$ 3,625,875		$ 3,308,319	$ 3,308,319		$ 1,172,501	$ 1,172,501		$ 3,334,258	$ 3,334,258		$ 1,179,497	$ 1,179,497	$ 12,620,450
2017	3,535,000	88,375	3,623,375	$ 1,515,000	3,278,019	4,793,019	$ 610,000	1,163,076	1,773,076		4,256,500	4,256,500	$ 830,000	1,501,512	2,331,512	16,777,482
2018				1,575,000	3,208,344	4,783,344	2,135,000	1,120,666	3,255,666		4,256,500	4,256,500	4,545,000	1,471,854	6,016,854	18,312,364
2019				1,655,000	3,141,041	4,796,041	2,200,000	1,053,690	3,253,690		4,256,500	4,256,500	4,605,000	1,408,157	6,013,157	18,319,388
2020				1,710,000	3,070,363	4,780,363	2,275,000	984,551	3,259,551		4,256,500	4,256,500	4,675,000	1,320,849	5,995,849	18,292,263
2021				1,795,000	2,991,713	4,786,713	2,340,000	913,250	3,253,250		4,256,500	4,256,500	4,775,000	1,215,750	5,990,750	18,287,212
2022				1,865,000	2,909,188	4,774,188	2,415,000	839,785	3,254,785		4,256,500	4,256,500	4,885,000	1,095,503	5,980,503	18,265,975
2023				1,960,000	2,813,563	4,773,563	2,490,000	764,003	3,254,003		4,256,500	4,256,500	5,020,000	960,331	5,980,331	18,264,396
2024				2,060,000	2,723,363	4,783,363	2,565,000	685,903	3,250,903		4,256,500	4,256,500	5,155,000	812,925	5,967,925	18,258,691
2025				2,140,000	2,629,822	4,769,822	2,645,000	605,408	3,250,408		4,256,500	4,256,500	5,305,000	653,877	5,958,877	18,235,607
2026				2,245,000	2,531,178	4,776,178	2,725,000	522,442	3,247,442		4,256,500	4,256,500	5,470,000	483,321	5,953,321	18,233,441
2027				2,335,000	2,428,388	4,763,388	2,805,000	437,003	3,242,003		4,256,500	4,256,500	5,655,000	300,246	5,955,246	18,217,136
2028				2,450,000	2,312,613	4,762,613	2,900,000	348,861	3,248,861		4,256,500	4,256,500	5,835,000	102,550	5,937,550	18,205,524
2029				2,570,000	2,191,138	4,761,138	9,840,000	152,028	9,992,028		4,256,500	4,256,500				19,009,666
2030				2,695,000	2,063,663	4,758,663				$ 8,915,000	4,033,625	12,948,625				17,707,288
2031				2,825,000	1,930,063	4,755,063				9,360,000	3,576,750	12,936,750				17,691,813
2032				2,960,000	1,787,750	4,747,750				9,825,000	3,097,125	12,922,125				17,669,875
2033				3,110,000	1,636,000	4,746,000				10,320,000	2,593,500	12,913,500				17,659,500
2034				3,265,000	1,476,625	4,741,625				10,835,000	2,064,625	12,899,625				17,641,250
2035				3,425,000	1,309,375	4,734,375				11,380,000	1,509,250	12,889,250				17,623,625
2036				3,600,000	1,133,750	4,733,750				11,950,000	926,000	12,876,000				17,609,750
2037				3,780,000	949,250	4,729,250				12,545,000	313,625	12,858,625				17,587,875
2038				3,965,000	755,625	4,720,625										4,720,625
2039				4,165,000	552,375	4,717,375										4,717,375
2040				4,375,000	338,875	4,713,875										4,713,875
2041				4,590,000	114,750	4,704,750										4,704,750
	$ 6,900,000	$ 349,250	$ 7,249,250	$ 68,630,000	$ 53,585,151	$ 122,215,151	$ 37,945,000	$ 10,763,165	$ 48,708,165	$ 85,130,000	$ 76,783,258	$ 161,913,258	$ 56,755,000	$ 12,506,373	$ 69,261,373	$ 409,347,197

[1] The bonds are payable from the net revenues of the Authority.
++partially defeased in FY 2015

VIRGINIA PORT AUTHORITY
Debt Service Payment Requirements

Period Ending June 30,	Commonwealth Port Fund Bonds Debt Service	Port Facilities Revenue Bonds Debt Service	Total Bonds Debt Service
2016	$ 20,500,752	$ 12,620,450	$ 33,121,202
2017	20,283,142	16,777,482	37,060,624
2018	18,876,136	18,312,364	37,188,500
2019	18,862,386	18,319,388	37,181,775
2020	18,844,003	18,292,263	37,136,266
2021	18,823,103	18,287,212	37,110,315
2022	18,811,935	18,265,975	37,077,910
2023	18,799,851	18,264,396	37,064,247
2024	18,782,048	18,258,691	37,040,739
2025	18,771,718	18,235,607	37,007,325
2026	18,756,003	18,233,441	36,989,444
2027	18,741,594	18,217,136	36,958,730
2028	18,726,126	18,205,524	36,931,649
2029	18,423,886	19,009,666	37,433,552
2030	18,415,303	17,707,288	36,122,591
2031	18,371,625	17,691,813	36,063,438
2032	18,353,875	17,669,875	36,023,750
2033	11,121,250	17,659,500	28,780,750
2034	11,111,250	17,641,250	28,752,500
2035	11,101,750	17,623,625	28,725,375
2036	11,091,750	17,609,750	28,701,500
2037	11,080,250	17,587,875	28,668,125
2038	8,833,500	4,720,625	13,554,125
2039	8,823,250	4,717,375	13,540,625
2040	8,814,000	4,713,875	13,527,875
2041	8,804,750	4,704,750	13,509,500
	$ 411,925,236	$ 409,347,197	$ 821,272,433



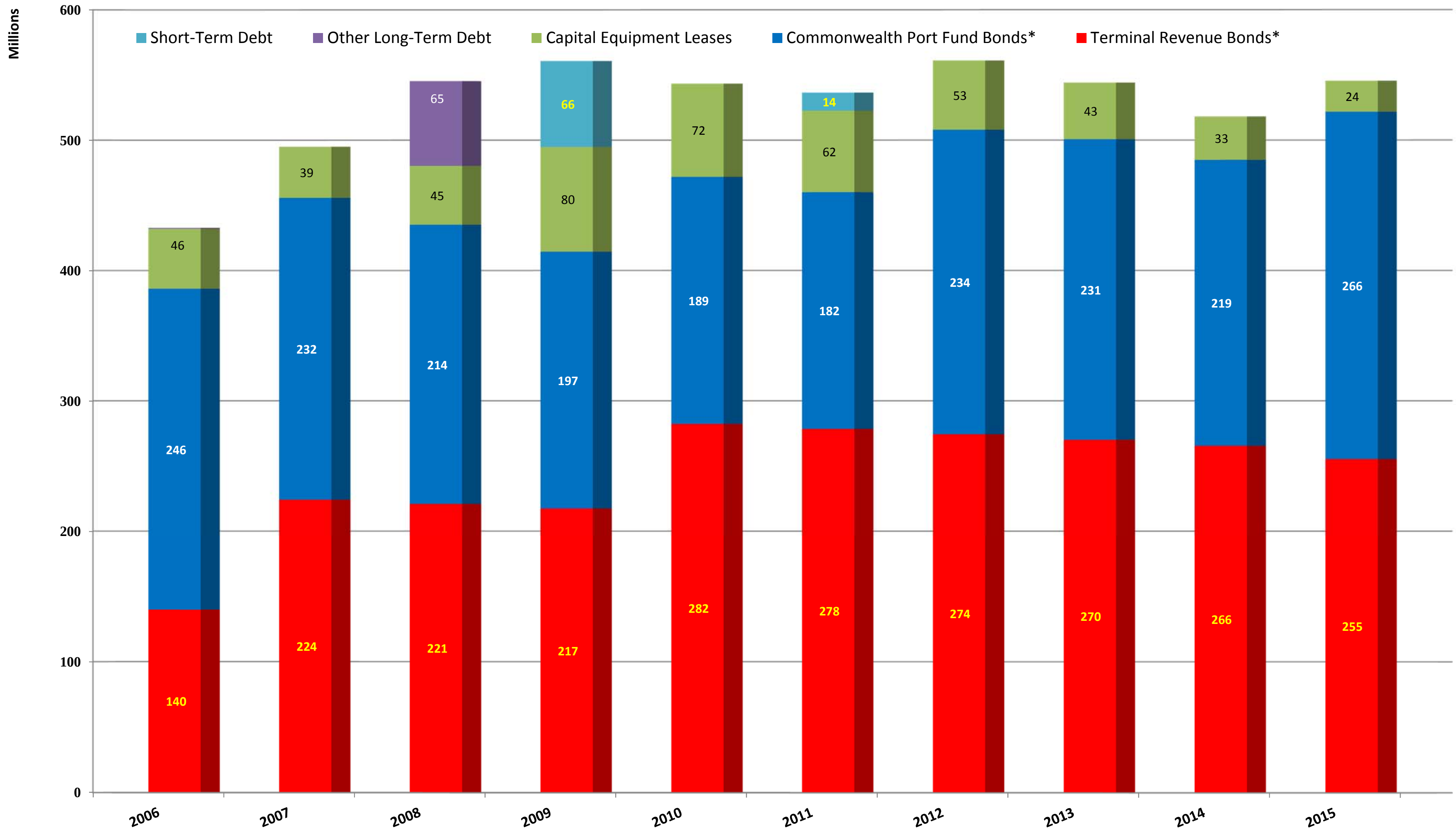
Virginia Port Authority
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Terminal Revenue Bonds*	Commonwealth Port Fund Bonds*	Capital Equipment Leases	Other Long-Term Debt	Short-Term Debt	Total	Ratio-Total to Operating Revenues
2006	$ 139,730,000	$ 246,265,000	$ 46,015,790	$ 699,278		$ 432,710,068	1.89
2007	224,125,000	231,610,000	39,195,175			494,930,175	1.99
2008	220,890,000	214,220,000	45,169,903	65,000,000		545,279,903	2.10
2009	217,365,000	196,995,000	80,375,357		$ 65,941,850	560,677,207	2.69
2010	282,295,000	189,490,000	71,556,396			543,341,396	2.60
2011	278,420,000	181,605,000	62,494,187		13,911,029	536,430,216	1.86
2012	274,360,000	233,540,000	53,121,562			561,021,562	1.81
2013	270,110,000	230,505,000	43,427,551			544,042,551	1.54
2014	265,515,000	219,230,000	33,290,174			518,035,174	1.31
2015	255,360,000	266,280,000	23,790,847			545,430,847	1.20

* at par value - does not include premiums or deferred amounts

The Authority has no taxing authority and does not derive its revenues directly from the population of the Commonwealth. There is no direct relationship between the population of the Commonwealth, or its per capita income to the types of debt incurred by the Authority. The above ratio reflects debt as a percentage of combined operating revenues which fluctuate based on local, state, and world-wide economics.

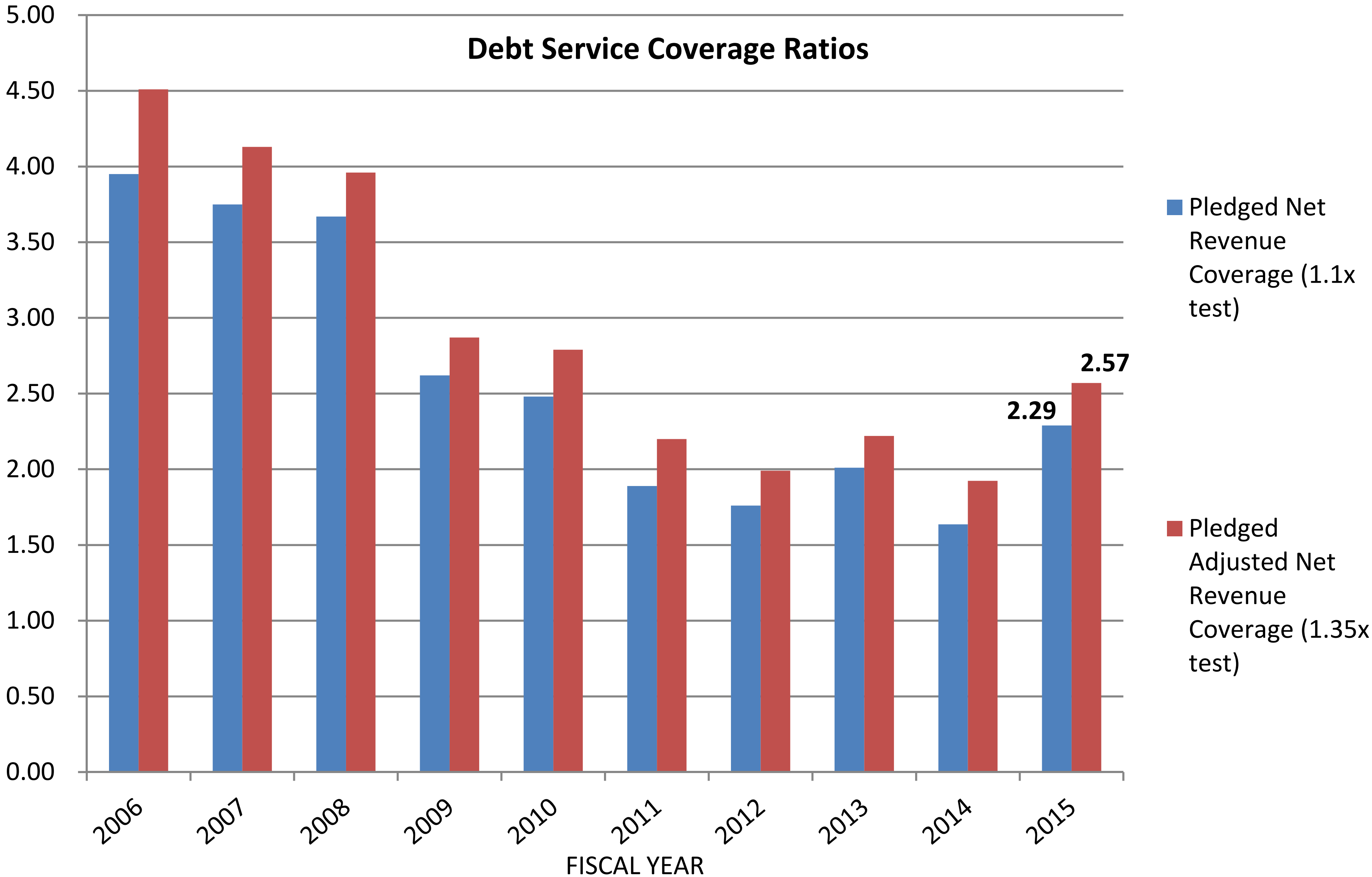
Virginia Port Authority
Outstanding Debt by Type



* at par value - does not include premiums or deferred amounts

VIRGINIA PORT AUTHORITY AND COMPONENT UNIT VIT
OPERATING RESULTS AND DEBT SERVICE COVERAGE
CASH BASIS
For the Fiscal Years 2006-2015

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY2011	FY2012	FY2013	FY2014	**FY2015**
Virginia International Terminals										
VIT Gross Receipts	$ 222,966,322	$ 238,319,892	$ 255,622,375	$ 213,953,605	$ 193,786,201	$ 262,193,694	$ 285,172,289	$ 319,328,899	$ 312,014,454	$ 356,486,579
VIT Current Expenses	(164,865,110)	(173,427,457)	(185,366,708)	(157,368,268)	(147,306,627)	(178,543,458)	(197,617,574)	(222,110,006)	(223,495,865)	(258,033,599)
VIT Current Expense (CE) Reserve (Deposit)/Withdrawal	-	5,800,000	-	-	2,200,000	(900,000)	1,562,000	-	2,595,997	3,450,564
VIT Deposits to CEMA	(4,412,064)	(2,862,031)	(2,079,126)	(7,781,079)	(1,815,981)	(3,842,153)	(4,701,389)	(4,635,516)	(9,243,097)	(7,215,154)
Fixed Asset Proceeds			-	-	-	-	385,738	(768,363)	(733,364)	(673,154.91)
VIT Net Revenue	53,689,148	67,830,404	68,176,541	48,804,258	46,863,593	78,908,083	84,801,064	91,815,013	81,138,125	94,015,235
Virginia Port Authority										
VPA Gross Revenues										
VIT Net Revenue	53,689,148	67,830,404	68,176,541	48,804,258	46,863,593	78,908,083	84,801,064	91,815,013	81,138,125	94,015,235
Other Income	2,767,678	4,227,669	6,520,593	4,825,652	9,430,005	6,126,614	6,357,859	8,881,695	6,924,491	7,990,753
Interest Income	450,524	928,880	796,621	134,182	44,490	73,737	28,359	98,956	9,066	140,227.90
Total VPA Gross Revenues	56,907,350	72,986,953	75,493,754	53,764,092	56,338,088	85,108,434	91,187,282	100,795,664	88,071,682	102,146,215
VPA Current Expenses	(23,093,131)	(26,502,895)	(27,754,385)	(25,071,082)	(22,977,885)	(55,359,088)	(65,269,973)	(70,046,960)	(72,577,974)	(78,801,935)
Prior Obligations	(9,356)	-	-	-	-	-	-	-	-	
VPA Net Revenues	33,804,863	46,484,058	47,739,369	28,693,010	33,360,203	29,749,346	25,917,310	30,748,704	15,493,708	23,344,281
VPA CPF for O & M	5,424,467	5,096,647	3,967,632	3,453,823	4,440,626	5,604,072	4,032,026	3,704,328	4,337,882	3,764,820
Debt Service Coverage										
Port Facilities Revenue Bonds Net Debt Service	9,677,370	13,166,322	13,568,697	13,906,715	14,174,477	17,780,512	17,389,491	17,571,928	15,113,582	13,332,637
Pledged Net Revenues	38,216,927	49,346,089	49,818,496	36,474,089	35,176,184	33,591,499	30,618,699	35,384,220	24,736,804	30,559,435
Pledged Adjusted Net Revenues	43,641,394	54,442,736	53,786,129	39,927,912	39,616,810	39,195,571	34,650,725	39,088,547	29,074,686	34,324,255
Pledged Net Revenue Coverage (1.1x test)	3.95	3.75	3.67	2.62	2.48	1.89	1.76	2.01	1.64	2.29
Pledged Adjusted Net Revenue Coverage (1.35x test)	4.51	4.13	3.96	2.87	2.79	2.20	1.99	2.22	1.92	2.57


Debt Service Coverage Ratios
5.00
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
2.29
2.57
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
FISCAL YEAR
Pledged Net Revenue Coverage (1.1x test)
Pledged Adjusted Net Revenue Coverage (1.35x test)

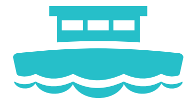
Stewards of Tomorrow

Demographic and Economic Information - these schedules give economic information regarding the environment in which the Authority operates.

In FY 2015, The Port of Virginia moved cargo via:

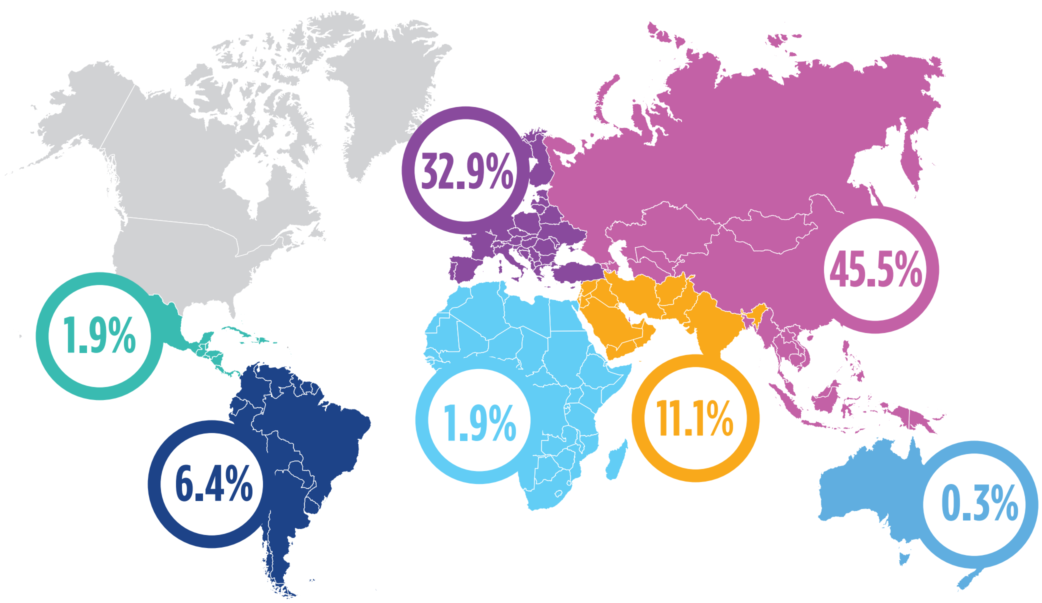
TRUCK : 64%

RAIL : 32%



BARGE : 4%

The Port of Virginia Markets: Containerized Cargo, FY 2015



Fast Facts:

Over **18,000 highly trained, disciplined and motivated military personnel** enter the civilian labor force in Virginia each year.

Virginia is the **second largest agricultural exporter** on the East Coast.

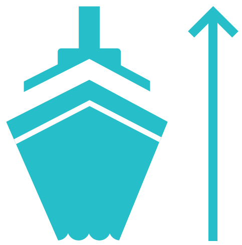
More than 750 internationally owned companies are doing business in Virginia.

THE PORT OF VIRGINIA

Stewards of Tomorrow

Fast Facts continued:

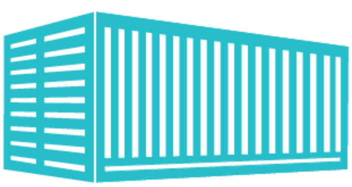
50-foot channels and berths



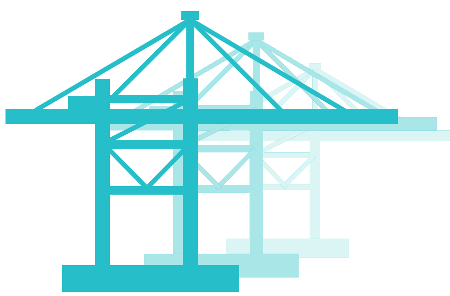
Zero air-draft restrictions

Only US East Coast port with **Congressional authorization** for 55-foot depth channels

Nearly **30 international shipping lines** offer direct, dedicated service to and from Virginia.



2.5 million TEUs annual throughput in FY 2015



22 Suez-class ship-to-shore cranes port-wide

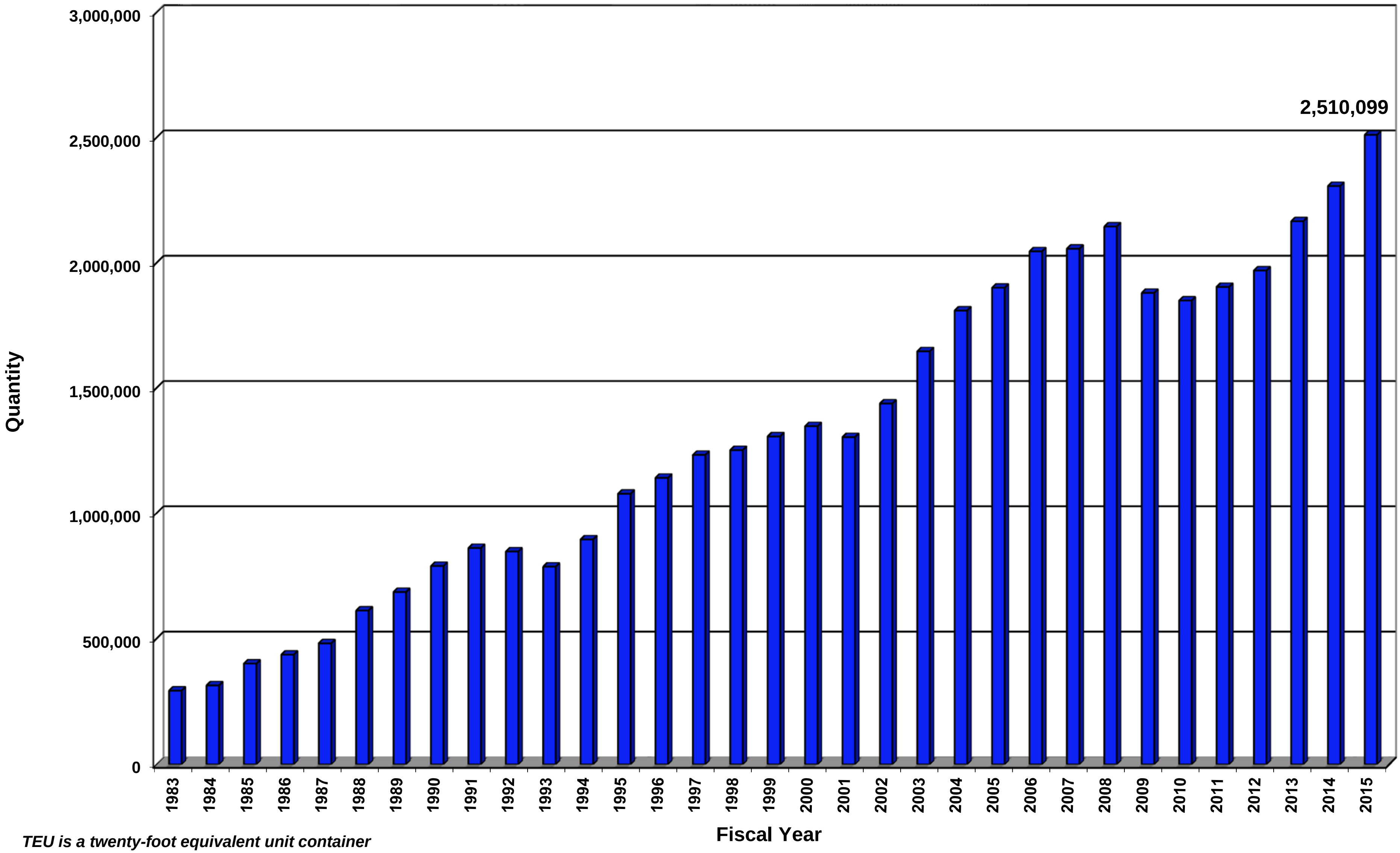
Over 30 companies have located near Virginia Inland Port since its inception

2.5 hours to open sea

2 Class I railroads operating on-dock

16 Midwest and Southest inland points served by rail

Virginia Port Authority
Twenty-Foot Equivalent Units (TEU's)



TEU is a twenty-foot equivalent unit container

The Port of Virginia

2014 Trade Overview

TOTAL	Short Tons (Thousands)	Metric Tons (Thousands)
Total Cargo	67,334.78	61,085.71
General Cargo	19,061.41	17,292.20
Container Cargo	18,733.35	16,994.59
Breakbulk Cargo*	328.06	297.61
Container Units	1,373,138	
TEUs	2,393,038	
Total Cargo Dollar Value (Millions)	71,470.59	

EXPORT	Short Tons (Thousands)	Metric Tons (Thousands)
Total Cargo	56,515.68	51,270.69
General Cargo	10,388.92	9,424.66
Container Cargo	10,343.72	9,383.66
Breakbulk Cargo	45.20	41.00
Container Units	743,091	
TEUs	1,298,389	
Total Cargo Dollar Value (Millions)	30,480.58	

IMPORT	Short Tons (Thousands)	Metric Tons (Thousands)
Total Cargo	10,819.09	9,815.02
General Cargo	8,667.23	7,862.77
Container Cargo	8,389.62	7,610.93
Breakbulk Cargo	277.61	251.84
Container Units	630,047	
TEUs	1,094,649	
Total Cargo Dollar Value (Millions)	40,990.01	

Vessel Calls	2,789
Coal Loadings* Short Tons (Thousands)	41,987.75

*Coal loadings and breakbulk cargo include international and domestic shipments

Top 10 U.S. East Coast Container Ports

US East Coast Port	TEUs	East Coast Market Share
New York/New Jersey	5,772,303	32%
Savannah	3,346,024	18%
The Port of Virginia	2,393,039	13%
Charleston	1,791,986	10%
Port Everglades	1,029,237	6%
Jacksonville	922,255	5%
Miami	876,706	5%
Baltimore	770,139	4%
Philadelphia	449,098	2%
Wilmington (NC)	280,347	2%

Source: U.S. Dept. of Commerce, Bureau of Census, Virginia Maritime Association, AAPA, Virginia Port Authorit

Compiled by VPA, Strategic Planning

The Port of Virginia

2014 Total Cargo in Thousands of Short Tons

Top 10 Trading Partners

	Exports			Imports	
1	Italy	5,690.89	1	China	2,042.41
2	Netherlands	5,490.20	2	Brazil	1,103.86
3	Brazil	4,948.65	3	Germany	689.46
4	United Kingdom	4,920.79	4	India	671.64
5	China	4,218.90	5	Italy	492.85
6	Turkey	2,704.47	6	Turkey	405.61
7	Korea, South	2,661.42	7	Canada	352.92
8	Morocco	2,451.78	8	France	326.20
9	Japan	2,204.54	9	Spain	272.21
10	France	2,141.10	10	Netherlands	266.22

Top 10 Commodities

	Exports			Imports	
1	Mineral Fuel, Oil Etc	41,255.43	1	Machinery	869.96
2	Wood	2,469.67	2	Salt; Sulfur; Earth, Stone	644.98
3	Misc Grain,Seed,Fruit	2,182.02	3	Furniture And Bedding	617.66
4	Woodpulp, Etc.	1,691.30	4	Misc Grain,Seed,Fruit	549.69
5	Cereals	1,425.81	5	Beverages	475.41
6	Food Waste; Animal Feed	1,294.52	6	Plastic	452.80
7	Plastic	665.73	7	Vehicles, Not Railway	435.49
8	Paper,Paperboard	556.17	8	Mineral Fuel, Oil Etc	427.16
9	Machinery	428.24	9	Fertilizers	393.77
10	Iron And Steel	324.39	10	Wood	387.73

Trade Lanes

	Export	Import
Africa	3,675.24	198.84
Asia, Northeast	9,445.49	2,456.40
Asia, Southeast	1,652.87	803.54
Carribbean	388.79	141.03
Central America	204.94	108.58
Europe, North	19,941.91	2,579.24
India & Others	2,183.96	768.14
Mediterranean	11,258.85	1,343.79
Middle East	715.81	159.05
North America	1,035.01	388.92
Oceania	61.36	52.93
South America	5,951.47	1,818.63

Top U.S. Ports

1	Houston, TX	163,143.39
2	New Orleans, LA	111,464.60
3	Los Angeles, CA	80,176.03
4	Gramercy, LA	70,249.46
5	The Port of Virginia	67,334.78
6	Newark, NJ	58,435.64
7	Port Arthur, TX	57,223.84
8	Long Beach, CA	48,474.38
9	Corpus Christi, TX	46,758.61
10	Mobile, AL	36,845.52

Source: U.S. Dept. of Commerce, Bureau of Census, Virginia Maritime Association, Virginia Port Authority

The Port of Virginia

2014 Total Cargo in Thousands of Metric Tons

Top 10 Trading Partners

	Exports			Imports	
1	Italy	5,162.74	1	China	1,852.86
2	Netherlands	4,980.67	2	Brazil	1,001.42
3	Brazil	4,489.39	3	Germany	625.47
4	United Kingdom	4,464.11	4	India	609.30
5	China	3,827.36	5	Italy	447.11
6	Turkey	2,453.48	6	Turkey	367.97
7	Korea, South	2,414.43	7	Canada	320.16
8	Morocco	2,224.24	8	France	295.93
9	Japan	1,999.94	9	Spain	246.95
10	France	1,942.40	10	Netherlands	241.51

Top 10 Commodities

	Exports			Imports	
1	Mineral Fuel, Oil Etc	37,426.68	1	Machinery	789.22
2	Wood	2,240.47	2	Salt; Sulfur; Earth, Stone	585.12
3	Misc Grain,Seed,Fruit	1,979.51	3	Furniture And Bedding	560.34
4	Woodpulp, Etc.	1,534.34	4	Misc Grain,Seed,Fruit	498.67
5	Cereals	1,293.49	5	Beverages	431.29
6	Food Waste; Animal Feed	1,174.38	6	Plastic	410.78
7	Plastic	603.95	7	Vehicles, Not Railway	395.07
8	Paper,Paperboard	504.56	8	Mineral Fuel, Oil Etc	387.52
9	Machinery	388.50	9	Fertilizers	357.22
10	Iron And Steel	294.28	10	Wood	351.75

Trade Lanes

	Export	Import
Africa	3,334.15	180.39
Asia, Northeast	8,568.89	2,228.43
Asia, Southeast	1,499.47	728.96
Carribbean	352.70	127.94
Central America	185.92	98.50
Europe, North	18,091.18	2,339.87
India & Others	1,981.28	696.85
Mediterranean	10,213.96	1,219.08
Middle East	649.38	144.29
North America	938.95	352.83
Oceania	55.66	48.02
South America	5,399.14	1,649.85

Top U.S. Ports

1	Houston, TX	148,002.71
2	New Orleans, LA	101,120.02
3	Los Angeles, CA	72,735.22
4	Gramercy, LA	63,729.89
5	The Port of Virginia	61,085.71
6	Newark, NJ	53,012.47
7	Port Arthur, TX	51,913.13
8	Long Beach, CA	43,975.67
9	Corpus Christi, TX	42,419.13
10	Mobile, AL	33,426.04

Source: U.S. Dept. of Commerce, Bureau of Census, Virginia Maritime Association, Virginia Port Authority

The Port of Virginia

2014 Total Cargo in Millions of U.S. Dollars

Top 10 Trading Partners

	Exports			Imports	
1	China	3,277.61	1	China	9,148.83
2	Germany	2,156.57	2	Germany	4,513.21
3	Brazil	1,933.45	3	India	2,602.36
4	United Kingdom	1,821.32	4	Italy	2,475.82
5	Belgium	1,541.74	5	Japan	2,067.69
6	Netherlands	1,492.18	6	Brazil	1,985.68
7	Japan	1,200.63	7	United Kingdom	1,693.62
8	Saudi Arabia	1,120.95	8	Spain	1,174.98
9	India	993.91	9	France	1,161.54
10	United Arab Emirates	847.31	10	Indonesia	1,072.19

Top 10 Commodities

	Exports			Imports	
1	Machinery	5,323.85	1	Machinery	9,174.31
2	Plastic	2,213.19	2	Electrical Machinery	2,667.33
3	Pharmaceutical Products	1,639.81	3	Vehicles, Not Railway	2,570.25
4	Vehicles, Not Railway	1,478.10	4	Furniture And Bedding	2,043.03
5	Electrical Machinery	1,329.61	5	Pharmaceutical Products	1,810.82
6	Organic Chemicals	1,194.02	6	Plastic	1,545.36
7	Misc Grain,Seed,Fruit	1,057.30	7	Toys And Sports Equipment	1,165.34
8	Misc. Chemical Products	956.72	8	Beverages	1,037.86
9	Tobacco	923.48	9	Knit Apparel	1,001.71
10	Wood	873.50	10	Rubber	953.49

Trade Lanes

	Export	Import
Africa	2,057.01	551.20
Asia, Northeast	5,805.88	12,032.98
Asia, Southeast	1,944.23	3,982.22
Carribbean	324.31	86.25
Central America	349.07	331.68
Europe, North	10,769.49	12,628.64
India & Others	1,413.75	3,063.09
Mediterranean	1,486.06	4,742.27
Middle East	2,782.75	527.09
North America	62.12	131.62
Oceania	289.69	66.67
South America	3,196.21	2,846.29

Top U.S. Ports

1	Los Angeles, CA	290,175.30
2	Houston, TX	167,039.75
3	Newark, NJ	152,060.16
4	Long Beach, CA	104,456.27
5	Savannah, GA	80,387.33
6	The Port of Virginia	71,470.59
7	Charleston, SC	71,367.57
8	New Orleans, LA	57,880.39
9	Baltimore, MD	52,464.01
10	Tacoma, WA	52,406.63

Source: U.S. Dept. of Commerce, Bureau of Census, Virginia Maritime Association, Virginia Port Authority

Other Operational Information

These schedules present information about the Authority's service and infrastructure.

***8 Years**	**VPA Employee Base by Classification**							
Type	**June 30, 2008**	**June 30, 2009**	**June 30, 2010**	**June 30, 2011**	**June 30, 2012**	**June 30, 2013**	**June 30, 2014**	**June 30, 2015**
Sworn Officers/ Security Personnel/Safety	**93**	**97**	**82**	**81**	**49**	**42**	**39**	**47**
Marketing/Economic Development Personnel	**26**	**6**	**6**	**8**	**9**	**13**	**18**	**25**
Port Promotions Personnel	**6**	**6**	**5**	**6**	**5**	**2**	**-**	**-**
Strategic Planning, Engineering & Acquisition Personnel	**7**	**9**	**8**	**8**	**7**	**7**	**8**	**8**
Administrative Personnel	**20**	**28**	**23**	**23**	**22**	**17**	**18**	**56**
Agency Totals	**152**	**146**	**124**	**126**	**92**	**81**	**83**	**136**

* This table will be updated each year until 10 years of data is displayed.

Virginia Port Authority
Source and Use Data
For the Fiscal Year Ended June 30, 2015

Operating Revenues	$110,172,526	73%	Operating Expenses	$127,615,774	89%
Non-operating Revenues	40,924,366	27%	Non-operating Expenses	15,374,530	11%
Total Revenues	$151,096,892		Total Expenses	$142,990,304	

The Virginia Port Authority has several revenue sources including *operating revenues from component unit*, *other revenues (primarily security surcharges),* and *operating grants* as operational sources. Capital transfers or non-operating revenues include Commonwealth Port Fund allocations, Capital Grants, Primary Government Transfers and Other State Agency transfers.

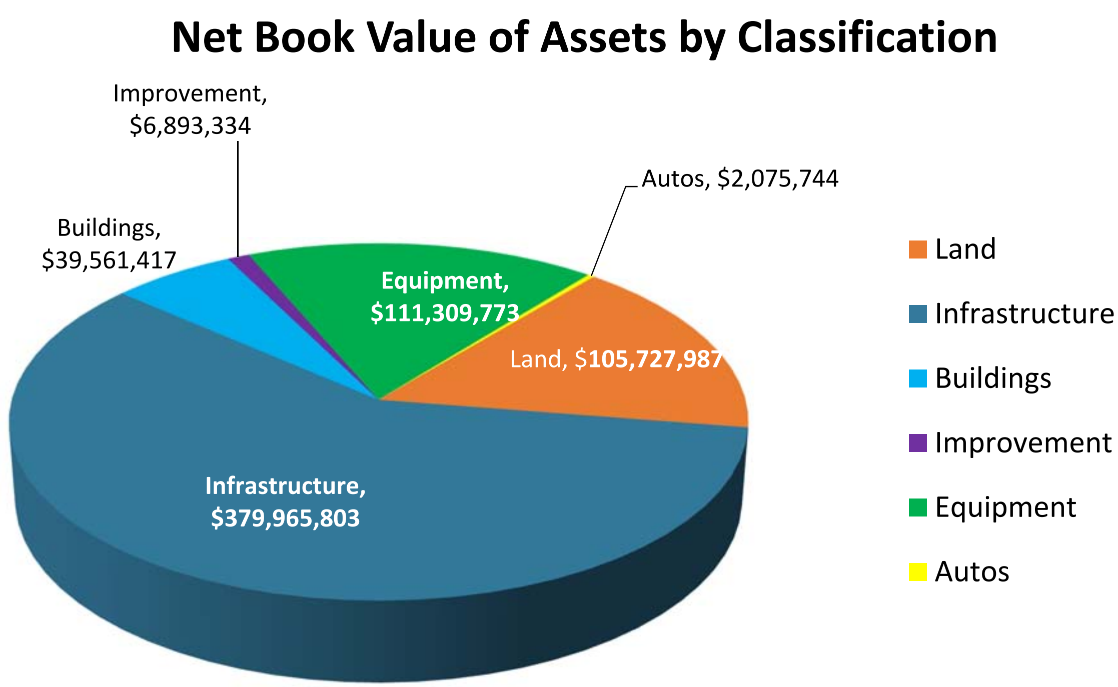
Of the operating revenues, $94.8 million or 86.1% are operating transfers from the net cash flows of Virginia International Terminals. Their tariff rates are published at http://www.vit.org/Rates.aspx. Currently 94.8% of all revenues are based on unit rate contracts which are proprietary, but lock shiplines and alliances into long term contracts with our ports. The remaining revenues are billed at tariff rates or via specific quotes .

Virginia Port Authority
Capital Assets
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Terminals Operated (total)	**4**	**4**	**4**	**4**	**4**	**5**	**6**	**6**	**6**	**6**
Owned	**4**	4	4	4	4	4	4	4	4	4
Leased	**-**	-	-	-	-	1	2	2	2	2
Land (acres)	1,169	1,169	1,169	1,235	1,235	1,509	1,630	1,630	1,592	1,592
Berth/Wharf (linear feet)	11,815	11,815	12,715	12,715	13,385	18,500	20,084	20,084	18,439	18,900
Rail Track (linear feet)	169,940	169,940	169,940	169,940	169,940	187,457	187,457	187,457	177,020	173,595
On-Terminal Warehouse (sq ft)	3,084,471	1,934,471	1,934,471	1,934,471	1,934,471	2,223,000	2,523,105	2,523,105	2,614,105	2,614,105
Net Book Value of Capital Assets	$ 640,141,213	$ 692,747,845	$ 772,032,877	$ 836,093,101	$ 813,348,001	$ 835,675,055	$ 809,568,255	$ 775,509,338	$ 770,413,713	$ 753,658,762
Construction in Process	91,084,510	114,030,287	136,808,087	148,797,653	124,321,372	160,044,340	112,808,246	110,378,281	131,136,358	108,312,870
Land	97,598,607	97,625,560	97,625,560	97,625,560	97,424,839	100,122,410	105,611,558	105,727,987	105,539,821	105,539,821
Buildings and Infrastructure	448,771,391	507,343,576	574,362,323	599,118,698	636,890,510	643,180,345	715,700,049	715,771,832	723,745,918	765,086,953
Equipment	239,349,739	242,689,450	254,737,928	319,985,858	314,998,702	326,148,220	269,181,526	280,120,829	288,455,554	295,791,643
Depreciation (Accumulated)	(236,663,035)	(268,941,028)	(291,501,021)	(329,434,668)	(360,287,422)	(393,820,260)	(393,733,124)	(436,489,590)	(478,463,938)	(521,072,595)

Operating Assets

In conjunction with its mission to stimulate commerce through the ports of the Commonwealth, the Virginia Port Authority is responsible for the maintenance of and improvements to the Commonwealth's port facilities. Seventy-five point three percent (75.3%) of the Authority's assets are land and infrastructure such as wharfs, piers, container storage, etc. Container handling equipment is also a major operating asset at the port representing seventeen point two percent (17.2%) of net assets. Container handling equipment consists primarily of cranes, straddle carriers, shuttle carriers and other freight handling equipment. The Authority's remaining asset classifications are buildings (6.1%), improvements (1.1%) and autos (0.3%).



This chart excludes Construction in Progress ($108M) as these assets are not currently used in operations.

VIRGINIA PORT AUTHORITY/ VIRGINIA INTERNATIONAL TERMINALS, LLC.

Consolidated Statement of Revenues, Expenses and Changes in Net Position

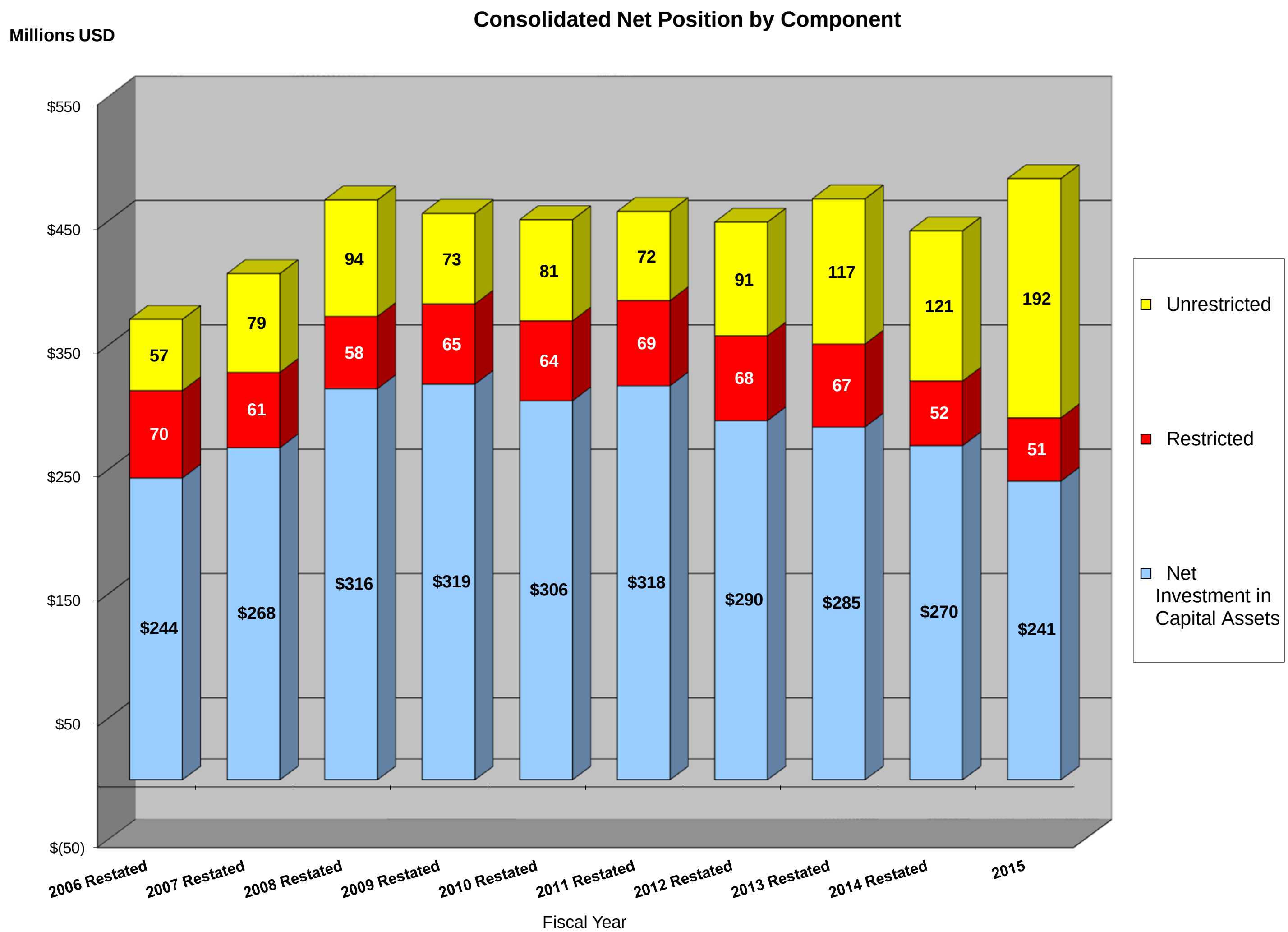
For the Fiscal Years 2006 Through 2015

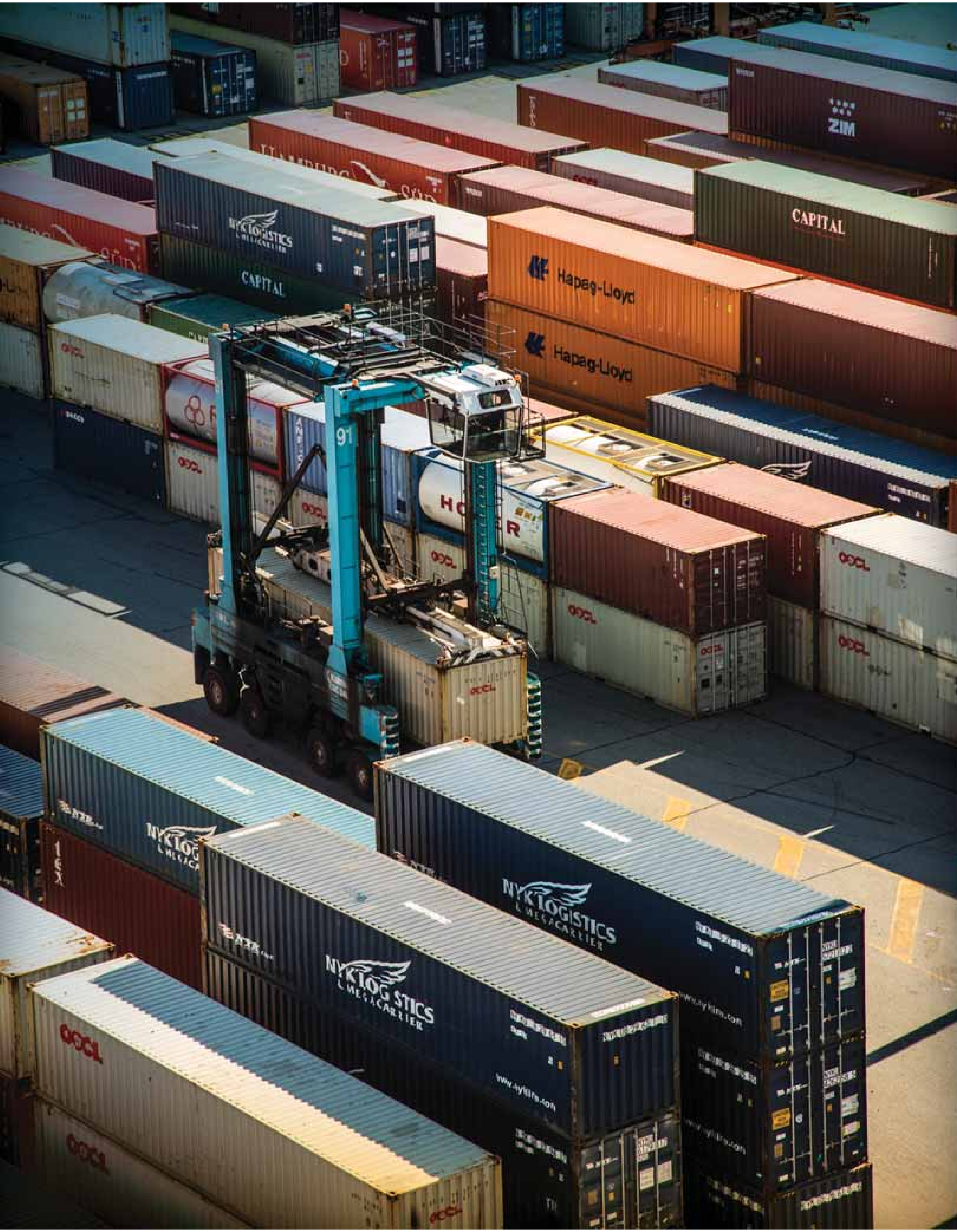
	2006 Restated	2007 Restated	2008 Restated	2009 Restated	2010 Restated	2011 Restated	2012 Restated	2013 Restated	2014 Restated	2015
Operating Revenues:										
Terminal operating revenues	$ 226,009,758	$ 244,205,984	$ 254,132,812	$ 203,909,927	$ 203,485,054	$ 277,856,791	$ 297,835,649	$ 339,460,135	$ 383,714,148	$ 440,841,866
Other revenues	2,997,586	4,946,483	6,049,718	4,707,316	4,742,848	6,274,000	6,519,292	7,970,579	7,762,729	9,147,626
Operating revenues -Grants	-	-	-	-	1,030,769	3,596,326	6,283,332	4,903,439	5,192,084	6,179,493
Total operating revenues	229,007,344	249,152,467	260,182,530	208,617,243	209,258,671	287,727,117	310,638,273	352,334,153	396,668,961	456,168,985
Operating Expenses:										
Terminal operations	109,804,658	115,428,213	120,459,517	99,327,311	91,215,794	121,983,405	128,782,659	153,682,077	176,243,834	198,126,233
Terminal maintenance	46,192,550	46,495,513	53,257,263	45,593,108	44,018,197	54,745,598	54,936,881	70,958,589	92,160,744	92,737,533
General and administrative	33,850,395	38,398,898	41,301,275	40,210,132	43,951,276	47,905,140	51,903,912	43,556,452	46,063,032	49,318,501
Facility Rental	-	-	-	-	-	32,538,640	37,063,827	47,229,466	52,479,613	55,679,447
Depreciation and amortization	34,351,020	38,181,505	40,661,311	44,152,797	48,710,646	50,630,851	49,271,899	47,979,055	46,612,042	46,693,840
Total operating expenses	224,198,623	238,504,129	255,679,366	229,283,348	227,895,913	307,803,634	321,959,178	363,405,639	413,559,265	442,555,554
Operating income (loss)	4,808,721	10,648,338	4,503,164	(20,666,105)	(18,637,242)	(20,076,517)	(11,320,905)	(11,071,486)	(16,890,304)	13,613,431
Non-operating revenues (expenses)										
Interest income	4,773,220	8,732,891	6,035,464	2,684,532	1,507,788	1,181,739	1,510,827	333,654	555,518	459,132
Interest expense	(18,904,385)	(19,249,296)	(18,352,451)	(21,625,430)	(21,386,830)	(23,007,021)	(26,066,078)	(21,663,809)	(20,166,510)	(14,160,492)
Bond Issue Costs	(941,599)	(921,160)	(678,876)	(20,000)	(694,650)	(538,986)	(734,427)	(917,063)	(69,000)	(1,024,231)
Contra-Interest Expense	3,813,665	1,604,193	1,739,082	4,462,126	5,699,060	4,022,070	2,995,341	1,131,891	3,278,126	-
Commonwealth Rail Relocation income (& ARRA)	-	1,120,000	20,781,163	-	-	2,014,416	6,375,798	244,424	-	-
Commonwealth Rail Relocation expenses	-	(1,447,474)	(22,102,404)	(26,817,021)	(8,223,576)	(2,272,191)	(6,296,498)	(394,990)	(133,770)	-
Proceeds from federal government	-	-	876,048	16,711,588	6,076,191	12,588,643	-	-	626,643	740,452
Proceeds (to) from primary government	-	-	23,948,420	(155,867)	(105,427)	(261,468)	-	-	306,335	1,324,350
Transfers to federal government - channel dredging	(6,762,000)	-	-	-	-	-	-	-	-	-
Voluntary Non-Exchange Revenue	-	-	-	1,900,000	-	-	-	-	-	-
Other income (expense)	100,339	166,303	35,590	38,825	7,787	8,996	8,722	-	-	-
Gain (loss) on disposals	(252,956)	(446,302)	(1,017,897)	34,854	(2,093,785)	88,879	(15,266,083)	708,585	2,652	-
Income (loss) before capital									-	-
contributions and transfers	(13,364,994)	207,493	15,767,303	(43,452,498)	(37,850,684)	(26,251,440)	(48,793,303)	(31,628,794)	(32,490,310)	952,642
Capital contributions and transfers										
Commonwealth Port Fund allocation	37,769,900	36,500,057	36,036,914	32,663,448	32,784,966	34,717,391	36,252,985	37,223,718	36,652,218	38,418,111
Capital contributions (to) from component unit	-	-	-	-	-	-	-	-	11,000	2,665,000
Proceeds (to) from other state agencies	840,276	300,787	7,388,750	-	-	-	-	-	-	-
Proceeds from federal government	-	-	-	-	-	-	4,612,432	3,471,137	-	-
Proceeds (to) from primary government	-	-	-	-	-	-	(297,267)	(158,628)	-	-
Cumulative Impact of GASB Equity Adjustment	(325,365)	(173,802)	-	-	-	-	-	-	(29,915,563)	-
Change in Accounting Principal**	-	-	-	-	-	-	-	12,207,272	-	-
Prior Period Adjustment	-	-	-	-	-	-	(4,564,965)	-	-	-
Increase (decrease) in Net Position	24,919,817	36,834,535	59,192,967	(10,789,050)	(5,065,718)	8,465,951	(12,790,118)	21,114,705	(25,742,655)	42,035,753
Net Position - Beginning of Year	346,505,899	371,425,715	408,260,250	467,453,217	456,664,167	451,598,449	460,064,400	447,274,281	468,388,986	442,646,331
Net Position - End of Year	$ 371,425,715	$ 408,260,250	$ 467,453,217	$ 456,664,167	$ 451,598,449	$ 460,064,400	$ 447,274,281	$ 468,388,986	$ 442,646,331	$ 484,682,084

VIRGINIA PORT AUTHORITY/VIRGINIA INTERNATIONAL TERMINALS, LLC
Consolidated Net Position by Component
For the Fiscal Years 2006 Through 2015

	Fiscal Year									
	2006 Restated	2007 Restated	2008 Restated	2009 Restated	2010 Restated	2011 Restated	2012 Restated	2013 Restated	2014 Restated	**2015**
Net Position:										
Net Investment in Capital Assets	$ 243,872,459	$ 268,222,604	$ 315,716,870	$ 319,365,374	$ 305,972,237	$ 318,020,499	$ 290,000,862	$ 284,918,598	$ 269,881,033	$ 241,336,675
Restricted	70,264,584	60,619,827	58,134,695	64,545,940	64,266,192	68,594,913	68,272,355	66,720,529	52,020,379	50,948,208
Unrestricted	57,288,672	79,417,819	93,601,652	72,752,853	81,360,020	71,660,936	91,373,607	116,749,859	120,744,919	192,397,201
Total Net Position	$ 371,425,715	$ 408,260,250	$ 467,453,217	$ 456,664,167	$ 451,598,449	$ 458,276,348	$ 449,646,824	$ 468,388,986	$ 442,646,331	$ 484,682,084

Net Postion amounts have been restated to reflect the implementation of GASB 68 and the restatement of prior years due to the recapture of interest expensed into capital assets.




CAPITAL
ZIM
CAPITAL
Hapag-Lloyd
Hapag-Lloyd
OOCL
NYK LOGISTICS
www.nyklins.com

VIRGINIA PORT AUTHORITY

CONTINUING DISCLOSURE AGREEMENT

ANNUAL REPORT
(unaudited)

FOR FISCAL YEAR ENDED

JUNE 30, 2015

COMMONWEALTH PORT FUND REVENUE BONDS (2002 RESOLUTION), SERIES 2005A

COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS (2002 RESOLUTION), SERIES 2006

COMMONWEALTH PORT FUND REVENUE BONDS SERIES 2011 (non-AMT)

COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS SERIES 2012 (Taxable)

COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS SERIES 2012B (Taxable)

COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS SERIES 2012C (Non-AMT)

COMMONWEALTH PORT FUND REVENUE BONDS SERIES 2015 (AMT)

BASE CUSIP NUMBER: 928075

VIRGINIA PORT AUTHORITY

Continuing Disclosure Agreement
Annual Report

For Fiscal Year Ended
June 30, 2015

Commonwealth Port Fund Revenue Bonds (2002 Resolution), Series 2005A

Commonwealth Port Fund Revenue Refunding Bonds (2002 Resolution), Series 2006

Commonwealth Port Fund Revenue Bonds Series 2011 (non-AMT)

Commonwealth Port Fund Revenue Refunding Bonds, Series 2012 (Taxable)

Commonwealth Port Fund Revenue Refunding Bonds, Series 2012B (Taxable)

Commonwealth Port Fund Revenue Refunding Bonds, Series 2012C (Non-AMT)

Commonwealth Port Fund Revenue Bonds, Series 2015 (AMT)

Table of Contents

TABLE 1 - TAXES APPROPRIATED TO COMMONWEALTH PORT FUND

The General Assembly of the Commonwealth of Virginia (the "Commonwealth") has appropriated the net additional revenues, from the tax and fee increases enacted pursuant to Chapters 11, 12 and 15 of the Acts of Assembly, 1986 Special Session, in each biennia, to the Commonwealth's Transportation Trust Fund (the "Transportation Fund") and directed the Commonwealth's Transportation Board to allocate 4.2% thereof to the Commonwealth Port Fund (the "Port Fund").

The following table sets forth the annual collections of the taxes that have been allocated to the Transportation Trust Fund beginning with the fiscal year ended June 30, 2006.

TRANSPORTATION TRUST FUND
STATEMENT OF REVENUE COLLECTIONS
FISCAL YEARS 2006 THROUGH 2015

Transportation Trust Fund
(in millions)

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Retail Sales and Use Tax	$476.3	$517.3	$524.9	$499.4	$490.7	$477.3	$503.1	$521.2	$526.6	$590.7
Motor Vehicle Sales and Use Tax[(1)]	215.9	215.4	194.3	150.8	162.0	183.6	198.3	201.8	207.4	224.9
Motor Fuel Taxes[(2)]	118.5	118.0	122.4	116.8	115.0	117.7	115.5	123.7	115.0	118.8
Motor Vehicle Registration Fees[(3)]	21.1	21.3	21.4	21.6	20.8	21.2	21.2	21.7	21.8	22.0
Total Transportation Trust Fund Revenues[(4)]	$831.8	$872.0	$863.0	$788.6	$788.5	$799.8	$838.1	$868.4	$870.8	$956.4

(1) Motor Vehicle Sales and Use Tax and Motor Vehicle Rental Tax.
(2) Motor Fuel Tax, Special Fuel Tax, Aviation Special Fuel Tax and Road Tax.
(3) Includes Fines, Penalties and Truck Permits when collected
(4) Does not reflect investment income credited to such Fund or any Accelerated Revenue

Source: Commonwealth of Virginia/Department of Accounts and Department of Transportation.

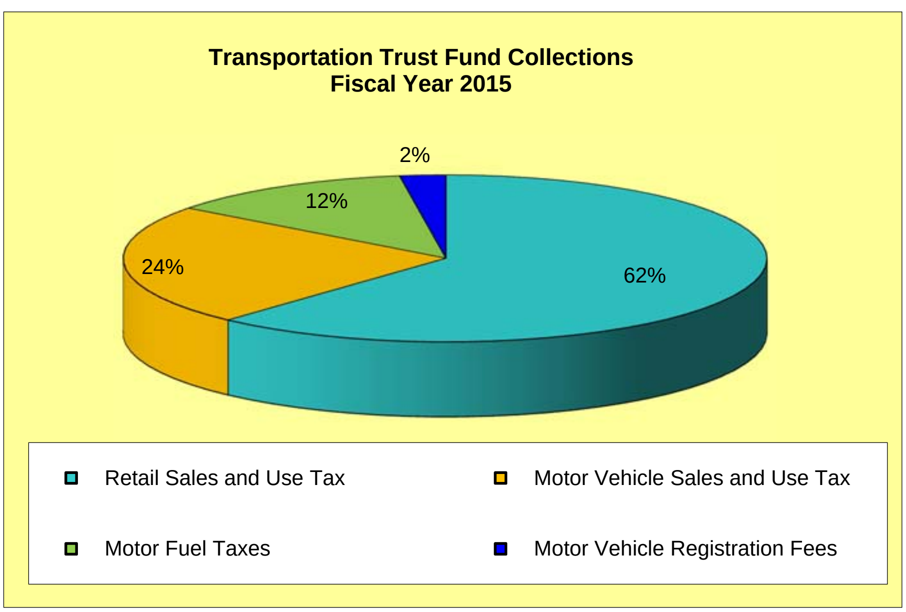


TABLE 2 - NET TRANSFERS TO THE COMMONWEALTH PORT FUND

The following table shows the allocation of Transportation Trust Fund revenue to the Port Fund, the interest credited to the Port Fund prior to its transfer to the Income Account under the Authority's Commonwealth Port Fund Revenue Bond Resolution (the "Bond Resolution") and the expenses charged thereto for the fiscal years 2006 through 2015. The net transfers to the Income Account ("Primary Income") are pledged to the payment of bonds issued under the Bond Resolution.

Fiscal Year	Allocation[1]	(+)	Interest Earned[2]	(—)	Indirect Expenses[2]	(=)	Net Transfers
2006	$ 34,785,494		$ 393,119		$ 46,700		$ 35,131,913
2007	36,480,142		421,590		48,300		36,853,432
2008	36,086,327		410,267		48,700		36,477,894
2009	32,966,292		257,621		-		33,223,913
2010	32,716,363		232,650		-		32,949,013
2011	33,450,399		149,292		-		33,599,691
2012	36,101,349		232,501		-		36,333,850
2013	37,200,445		228,015		-		37,428,460
2014	37,340,888		226,124		-		37,567,012
2015	39,640,666		291,495		-		39,932,161

(1) 4.2% of total Transportation Trust Fund revenues less certain estimated expenses.

(2) The allocation to the Port Fund is proportionally (i) assessed the indirect cost recovery charges imposed on the Transportation Trust Fund by the General Assembly, (ii) credited with the allocable investment income of the Transportation Trust Fund and (iii) charged up to 20 basis points for the services of the Department of the Treasury in managing such investments.

Source: Commonwealth of Virginia/Department of Accounts and Department of Transportation.

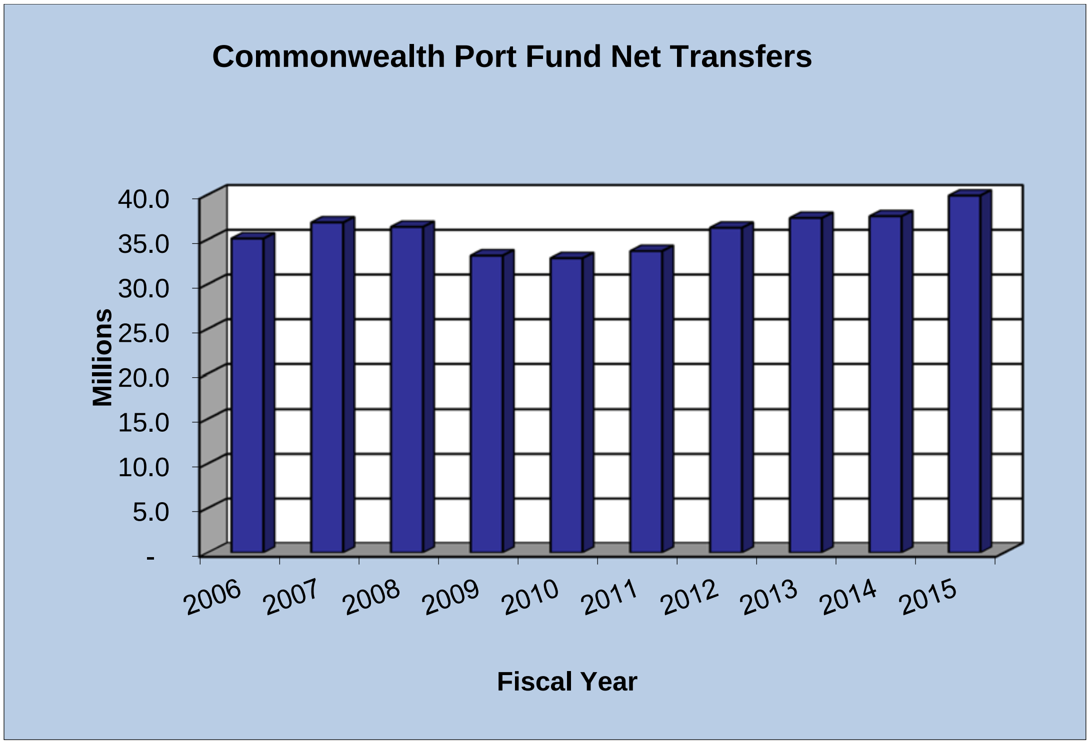


TABLE 3 - DEBT SERVICE REQUIREMENTS AND COVERAGE

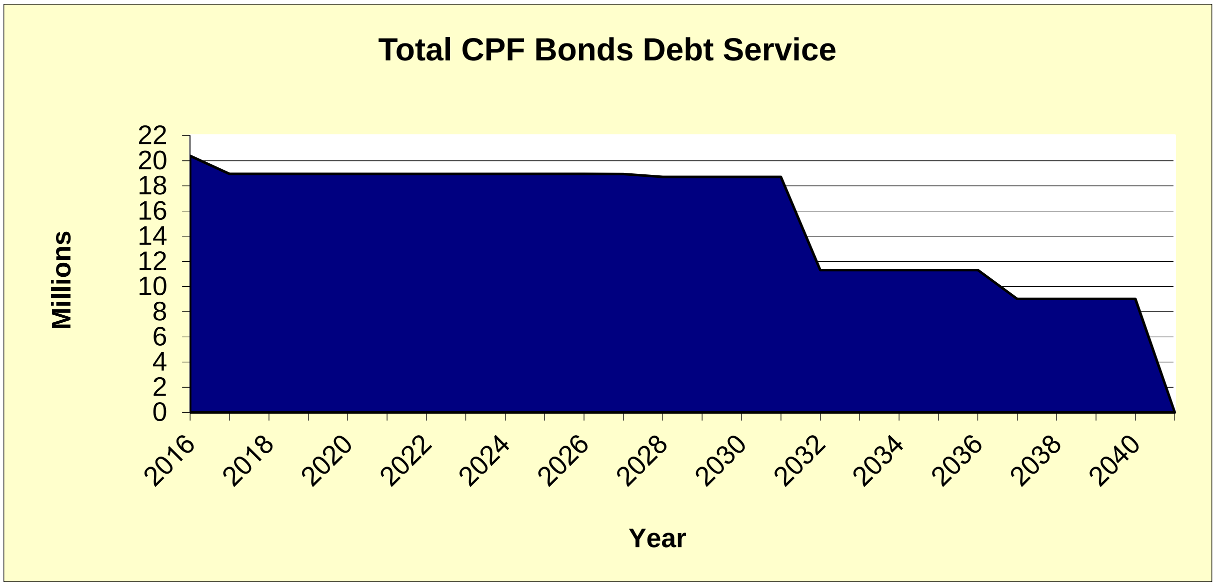
Debt Service Requirements

The following table sets forth for the periods ending each June 30, the amounts required to be made available in each annual period for payment on January 1 of the interest on, and on the following July 1 of the principal (whether at maturity or pursuant to mandatory redemption) of and interest on the Authority's outstanding Commonwealth Port Fund Revenue Refunding Bonds, Series 2006 (the "2006 Bonds"), Commonwealth Port Fund Revenue Bonds, Series 2011 (the "2011 Bonds"), outstanding Commonwealth Port Fund Revenue Bonds, Series 2012, outstanding Commonwealth Port Fund Revenue Refunding Bonds Series 2012-B and 2012-C and the outstanding Commonwealth Port Fund Revenue Bonds, Series 2015.

Fiscal Year Ending June 30,	Series 2006 Bonds Debt Service	Series 2011 Bonds Debt Service	Series 2012 Bonds Debt Service	Series 2012-B Bonds Debt Service	Series 2012-C Bonds Debt Service	Series 2015 Bonds Debt Service	Total Bonds Debt Service*
	Total	Total	Total	Total	Total	Total	Total
2016	$1,440,075	$2,868,500	$9,051,727	$3,866,801	$ 224,150	$2,999,200	$20,450,453
2017		2,868,500	9,056,183	3,868,198	224,150	2,934,000	18,951,031
2018		2,868,500	9,060,858	3,868,732	224,150	2,934,000	18,956,240
2019		2,868,500	9,057,183	3,869,700	224,150	2,934,000	18,953,533
2020		2,868,500	9,059,999	3,862,824	224,150	2,934,000	18,949,473
2021		2,868,500	9,054,463	3,870,619	224,150	2,934,000	18,951,732
2022		2,868,500	9,059,515	3,865,973	224,150	2,934,000	18,952,138
2023		2,868,500	9,052,182	3,868,732	224,150	2,934,000	18,947,564
2024		2,868,500	9,056,657	3,868,225	224,150	2,934,000	18,951,532
2025		2,868,500	9,056,269	3,868,985	224,150	2,934,000	18,951,904
2026		2,868,500	9,054,741	3,868,710	224,150	2,934,000	18,950,101
2027		2,868,500	9,054,756	3,866,680	224,150	2,934,000	18,948,086
2028		5,433,500		3,867,516	224,150	9,184,000	18,709,166
2029		5,430,250		3,037,707	1,004,150	9,241,500	18,713,607
2030		5,425,750			4,215,750	9,070,500	18,712,000
2031		9,709,750				9,001,500	18,711,250
2032		9,712,500				1,599,000	11,311,500
2033		9,712,000				1,599,000	11,311,000
2034		9,712,500				1,599,000	11,311,500
2035		9,713,000				1,599,000	11,312,000
2036		9,712,500				1,599,000	11,311,500
2037						9,019,000	9,019,000
2038						9,018,000	9,018,000
2039						9,018,500	9,018,500
2040						9,019,500	9,019,500

*Does not include the Refunded Bonds

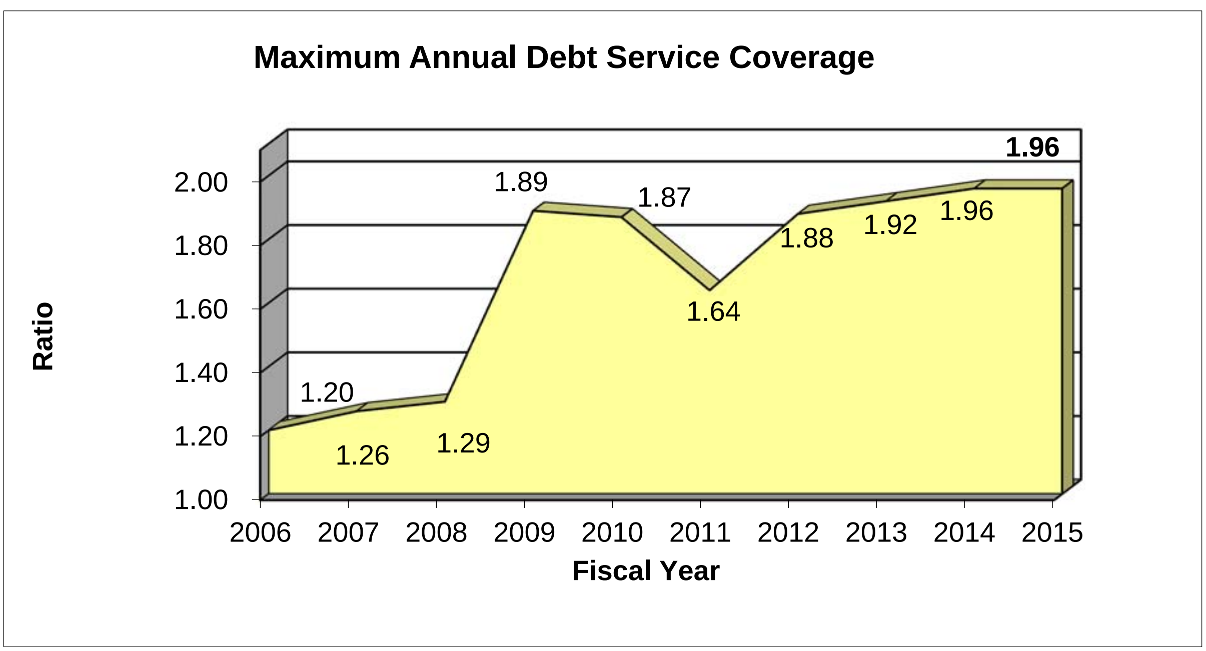
Debt Service Requirements are shown in the graph below:



Debt Service Coverage

Coverage of maximum annual debt service on the 2006, 2011, 2012 and 2015 Bonds by Commonwealth Port Fund Primary Income for the Fiscal Year ended June 30, 2015 is shown below:

Commonwealth Port Fund Primary Income for the Fiscal Year ended June 30, 2015	$39,932,161
Maximum Annual Debt Service (FY 2016)	$20,450,453
Pro Forma Maximum Annual Debt Service Coverage	1.96



VIRGINIA PORT AUTHORITY
FIVE-YEAR SCHEDULE OF REVENUES AND EXPENSES
(Cash Basis)

Fiscal Year	2011	2012	2013	2014	2015
Special Fund	$85,108,434	$91,187,281	$101,471,234	$88,460,520	$104,269,515
Commonwealth Port Fund	38,037,653	39,567,591	36,407,247	39,731,544	38,717,385
General Fund and Other	12,528,168	16,308,868	9,900,445	2,201,158	3,975,966
Total Revenues	135,674,255	147,063,740	147,778,926	130,393,222	146,962,866
Expenses					
Economic Development Services:					
National & International Trade Services	3,761,148	3,968,242	3,439,495	2,809,353	3,752,130
Port Traffic Rate Management	234,152	-	-	-	-
Commerce Advertising	709,688	559,698	469,076	319,643	415,028
Port Facilities Planning, Maintenance, Acquisition & Construction:					
Maintenance and Operation of Port Facilities	18,072,782	19,799,331	9,773,168	7,953,557	8,929,426
Port Facilities Planning	751,266	1,010,574	1,127,590	1,641	-
Debt Service for Port Facilities	46,158,790	49,920,920	52,319,515	35,902,767	46,656,033
Financial Assistance for Port Activities:					
Agency Service Fee	-	-	94	160	193
Aid to Local Ports	643,166	1,101,807	720,869	390,189	877,113
Payment in Lieu of Taxes	1,017,799	1,094,329	1,138,819	1,524,353	960,345
Administration & Support Services:					
General Management & Direction	6,230,119	6,824,650	6,492,465	6,739,974	8,736,079
Facility Rental	29,740,480	39,786,987	46,780,747	52,224,628	56,383,151
Security Services	12,039,534	14,280,805	13,188,697	8,317,511	8,908,378
Total Operating Expenditures	119,358,924	138,347,343	135,450,535	116,183,776	135,617,876
Funds Available for Capital Projects	$16,315,331	$ 8,716,397	$ 12,328,391	$ 14,209,446	$ 11,344,990

TABLE 5 - CARGO DATA

The Authority's ports handle a variety of general cargo. Bulk cargo, such as petroleum products, grain and coal, is not handled at the Port Facilities but is handled at facilities owned by railroads and other private operators. Set forth below are the major categories of general cargo handled by the Port Facilities based on the top 5 leading import and export commodities for the most recent calendar year.

Leading Exported and Imported General Cargo Commodities*
(Calendar Year)
(Short Tons)

	2010	2011	2012	2013	2014
Exports					
Paper and Paperboard	790,318	925,574	1,070,721	1,069,168	976,840
Wood Pulp	508,539	545,493	699,825	843,103	864,696
Logs and Lumber	500,554	511,124	584,624	638,178	770,646
Soybeans and Products	530,055	311,957	508,371	813,475	758,695
Pet and Animal Feeds	210,462	207,270	215,322	289,134	390,139
Imports					
Furniture	412,284	397,934	479,352	524,312	551,034
Auto Parts	255,555	366,673	479,586	471,108	511,662
Paper and Paperboard	199,259	175,400	219,207	194,110	219,032
Nonalcoholic Beverages	160,012	157,019	221,606	197,127	207,126
Granite	117,214	118,584	136,931	197,370	195,804

* This table includes both import and export data for all facilities that comprise the Port of Virginia, some of which are not owned or operated by the Authority. The Authority believes that the VPA Facilities handle in excess of 95% of the general cargo transported through the Port of Virginia.

Source: Port Import Export Reporting Service

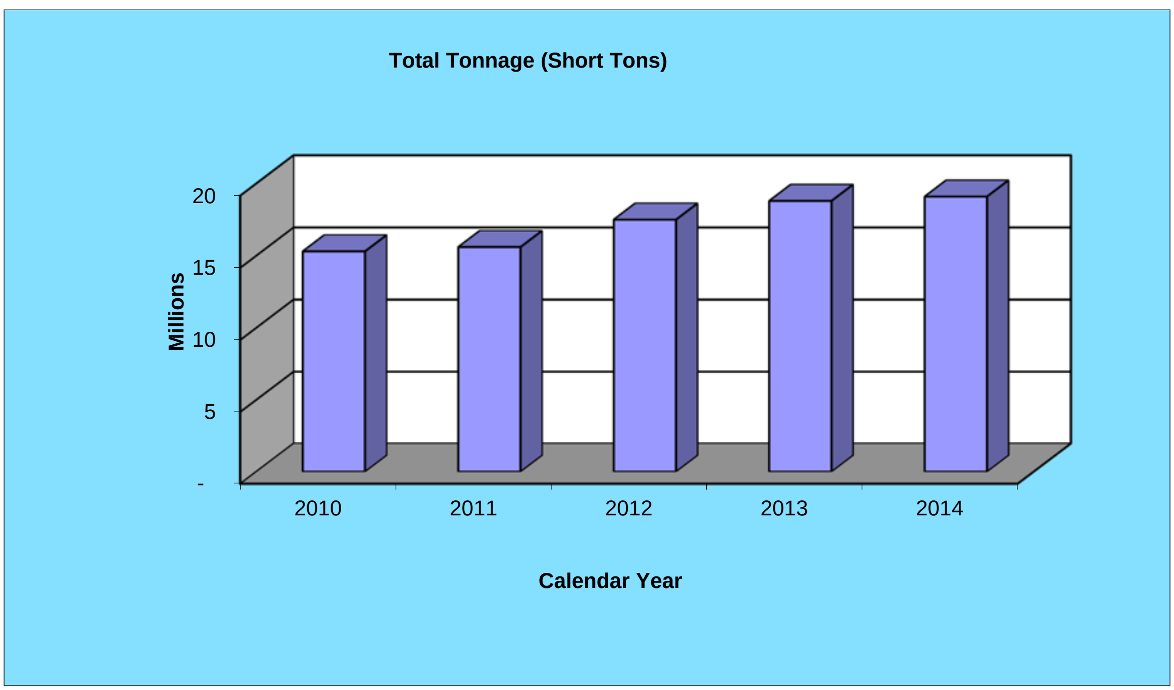
Presented below is information concerning volume of general cargo handled at all facilities that comprise the Port of Virginia.

General Cargo Statistics for the Port of Virginia*
(Calendar Year)
(Short Tons)

	2010	2011	2012	2013	2014
Breakbulk	253,854	347,558	372,144	336,060	328,060
Container	15,068,848	15,268,380	17,155,583	18,504,243	18,733,342
Total Tons	15,322,702	15,615,938	17,527,727	18,840,303	19,061,402

* This table includes both import and export data for all facilities that comprise the Port of Virginia, some of which are not owned or operated by the Authority. The Authority believes that the VPA Facilities handle in excess of 95% of the general cargo transported through the Port of Virginia.

Source: Terminal Operators' Statistics



VIRGINIA PORT AUTHORITY

CONTINUING DISCLOSURE AGREEMENT

ANNUAL REPORT
(unaudited)

FOR FISCAL YEAR ENDED

JUNE 30, 2015

PORT FACILITIES REVENUE REFUNDING BONDS, SERIES 2007

PORT FACILITIES REVENUE REFUNDING BONDS, SERIES 2010

PORT FACILITIES REVENUE REFUNDING BONDS, SERIES 2013

PORT FACILITIES REVENUE REFUNDING BONDS, SERIES 2015A

PORT FACILITIES REVENUE REFUNDING BONDS, SERIES 2015B

BASE CUSIP NUMBER: 928077

VIRGINIA PORT AUTHORITY

Continuing Disclosure Agreement
Annual Report

For Fiscal Year Ended
June 30, 2015

Port Facilities Revenue Refunding Bonds, Series 2007
Port Facilities Revenue Refunding Bonds, Series 2010
Port Facilities Revenue Refunding Bonds, Series 2013
Port Facilities Revenue Refunding Bonds, Series 2015A
Port Facilities Revenue Refunding Bonds, Series 2015B

Table of Contents

TABLE 1 - AUTHORITY REVENUES AND EXPENSES

VIRGINIA PORT AUTHORITY
FIVE-YEAR SCHEDULE OF REVENUES AND EXPENSES
(Cash Basis)

Fiscal Year	2011	2012	2013	2014	2015
Special Fund	$85,108,434	$91,187,281	$101,471,234	$88,460,520	$104,269,515
Commonwealth Port Fund	38,037,653	39,567,591	36,407,247	39,731,544	38,717,385
General Fund and Other	12,528,168	16,308,868	9,900,445	2,201,158	3,975,966
Total Revenues	135,674,255	147,063,740	147,778,926	130,393,222	146,962,866
Expenses					
Economic Development Services:					
National & International Trade Services	3,761,148	3,968,242	3,439,495	2,809,353	3,752,130
Port Traffic Rate Management	234,152	-	-	-	-
Commerce Advertising	709,688	559,698	469,076	319,643	415,028
Port Facilities Planning, Maintenance, Acquisition & Construction:					
Maintenance and Operation of Port Facilities	18,072,782	19,799,331	9,773,168	7,953,557	8,929,426
Port Facilities Planning	751,266	1,010,574	1,127,590	1,641	-
Debt Service for Port Facilities	46,158,790	49,920,920	52,319,515	35,902,767	46,656,033
Financial Assistance for Port Activities:					
Agency Service Fee	-	-	94	160	193
Aid to Local Ports	643,166	1,101,807	720,869	390,189	877,113
Payment in Lieu of Taxes	1,017,799	1,094,329	1,138,819	1,524,353	960,345
Administration & Support Services:					
General Management & Direction	6,230,119	6,824,650	6,492,465	6,739,974	8,736,079
Facility Rental	29,740,480	39,786,987	46,780,747	52,224,628	56,383,151
Security Services	12,039,534	14,280,805	13,188,697	8,317,511	8,908,378
Total Operating Expenditures	119,358,924	138,347,343	135,450,535	116,183,776	135,617,876
Funds Available for Capital Projects	$16,315,331	$ 8,716,397	$ 12,328,391	$ 14,209,446	$ 11,344,990

TABLE 2 - VIT REVENUES AND EXPENSES

VIRGINIA INTERNATIONAL TERMINALS, LLC. ("VIT")
FIVE YEAR SCHEDULE OF REVENUES AND EXPENSES

Fiscal Year	2011	2012	2013[2]	2014	2015
Revenues:					
Operating	$277,860,792	$297,835,649	$339,460,135	$383,714,148	$440,841,866
Nonoperating	480,515	873,907	(148,527)	224,937	17,678
Gross Revenues	278,341,307	298,709,556	339,311,608	383,939,085	440,859,544
Expenses:					
Operating & Maintenance Expenses	$168,749,795	$172,705,671	$215,133,442	$259,952,652	$280,794,678
Administrative Expenses	30,620,713	32,698,897	27,510,957	29,373,020	34,145,101
Total Expenses	199,370,508	205,404,568	242,644,399	289,325,672	314,939,779
Income Before Transfers and Contributions[1]	$78,970,799	$93,304,988	$96,667,209	$94,613,413	$125,919,765

Source: VIT accrual basis financial statements for the indicated fiscal years.

(1) The financial information relative to VIT set forth in this table is computed on an accrual basis. As a result, the amounts set forth in the line item "Income Before Transfers and Contributions" does not represent net cash transferred by VIT to the Authority. However, such information is an accurate representation of the financial performance of VIT.

(2) Due to a change in accounting principle FY 2013 has been restated to reflect the change. Please see note 12 in VIT's audited statements and note 15 in the VPA's audited statements for more information.

TABLE 3- OPERATING RESULTS AND DEBT SERVICE COVERAGE

	FY 2011	FY 2012	FY 2013	FY2014	FY2015
Virginia International Terminals					
VIT Gross Receipts	$262,193,694	$285,172,289	$319,328,898	$312,014,454	$356,486,579
VIT Current Expenses	(178,543,458)	(197,617,574)	(222,110,006)	(223,495,865)	(258,033,599)
VIT CE Reserve (Deposit)/Withdrawal	(900,000)	1,562,000	-	2,595,997	3,450,564
VIT Deposits to CEMA	(3,842,153)	(4,701,389)	(4,635,516)	(9,243,097)	(7,215,154)
Fixed Asset Proceeds/ Expense Credit	-	385,738	(768,363)	(733,364)	(673,155)
VIT Net Revenue	78,908,083	84,801,064	91,815,013	81,138,125	94,015,235
Virginia Port Authority					
VPA Gross Revenues					
VIT Net Revenue	78,908,083	84,801,064	91,815,013	81,138,125	94,015,235
Other Income	6,126,614	6,357,859	8,881,695	6,924,491	7,990,753
Interest Income	73,737	28,359	98,956	9,066	140,228
Total VPA Gross Revenues	85,108,434	91,187,282	100,795,664	88,071,682	102,146,216
VPA Current Expenses	(55,359,088)	(65,269,973)	(70,046,960)	(72,577,974)	(78,801,935)
VPA Net Revenues	29,749,346	25,917,309	30,748,704	15,493,708	23,344,281
VPA CPF for O & M	5,604,072	4,032,026	3,704,328	4,337,882	3,764,820
Debt Service Coverage					
Port Facilities Revenue Bonds Net Debt Service	17,780,512	17,343,332	17,571,928	15,113,582	13,332,637
Pledged Net Revenues	33,591,499	30,618,698	35,384,220	24,736,804	30,559,435
Pledged Adjusted Net Revenues	39,195,571	34,650,724	39,088,547	29,074,686	34,324,255
Pledged Net Revenue Coverage	1.89	1.76	2.01	1.64	2.29
Pledged Adjusted Net Revenue Coverage	2.20	1.99	2.22	1.92	2.57

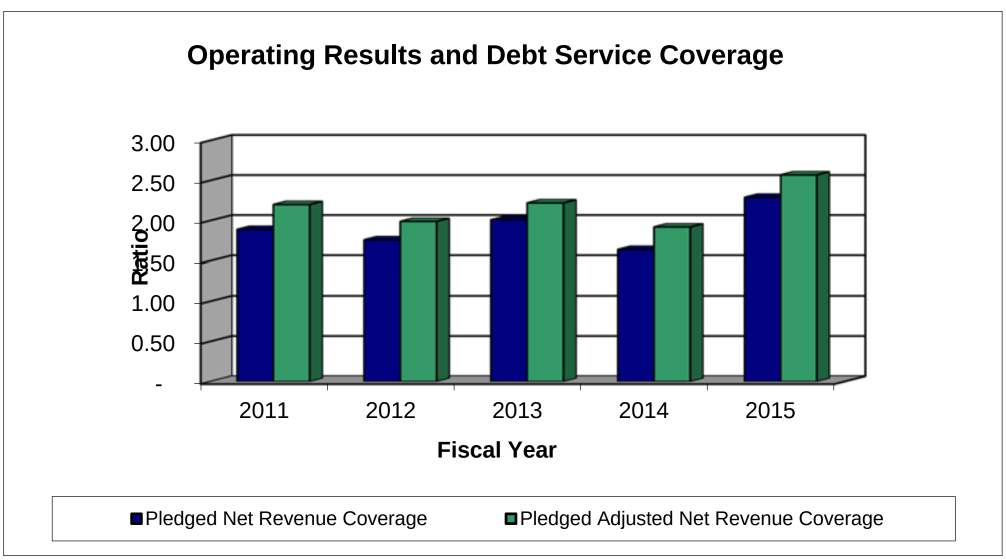


TABLE 4 - DEBT SERVICE REQUIREMENTS

The following table sets forth for the periods ended each June 30 (the end of the Authority's Fiscal Year) the aggregate amounts required to be made available in each annual period for payment on January 1 of the interest on, and on the following July 1 of the principal (whether at maturity or pursuant to mandatory redemption) of and interest on the Authority's outstanding Port Facilities Revenue Refunding Bonds, Series 2007, Port Facilities Refunding Bonds, Series 2010, Port Facilities Revenue Refunding Bonds, Series 2013 and Port Facilities Revenue Refunding Bonds, Series 2015A & B.

Year Ending June 30,	Series 2007 Debt Service	Series 2010 Debt Service	Series 2013 Debt Service	Series 2015A Debt Service	Series 2015B Debt Service	Total Debt Service
2016	$3,711,750	$4,823,319	$1,782,501	$4,256,500	$2,335,741	$16,909,811
2017		4,822,719	3,288,652	4,256,500	6,042,284	18,410,155
2018		4,823,969	3,287,680	4,256,500	6,051,425	18,419,574
2019		4,823,113	3,294,700	4,256,500	6,044,890	18,419,203
2020		4,822,613	3,289,403	4,256,500	6,046,808	18,415,324
2021		4,820,813	3,292,097	4,256,500	6,044,691	18,414,101
2022		4,822,563	3,292,473	4,256,500	6,051,314	18,422,850
2023		4,824,563	3,290,532	4,256,500	6,044,348	18,415,943
2024		4,822,163	3,291,274	4,256,500	6,041,502	18,411,439
2025		4,822,481	3,289,543	4,256,500	6,041,252	18,409,776
2026		4,819,875	3,285,341	4,256,500	6,050,391	18,412,107
2027		4,821,900	3,293,666	4,256,500	6,040,100	18,412,166
2028		4,823,325	10,144,056	4,256,500		19,223,881
2029		4,823,950		13,171,500		17,995,450
2030		4,823,375		13,170,750		17,994,125
2031		4,821,750		13,167,750		17,989,500
2032		4,823,750		13,171,500		17,995,250
2033		4,823,250		13,170,500		17,993,750
2034		4,820,000		13,173,750		17,993,750
2035		4,823,750		13,174,750		17,998,500
2036		4,823,750		13,172,250		17,996,000
2037		4,819,750				4,819,750
2038		4,821,500				4,821,500
2039		4,823,250				4,823,250
2040		4,819,500				4,819,500

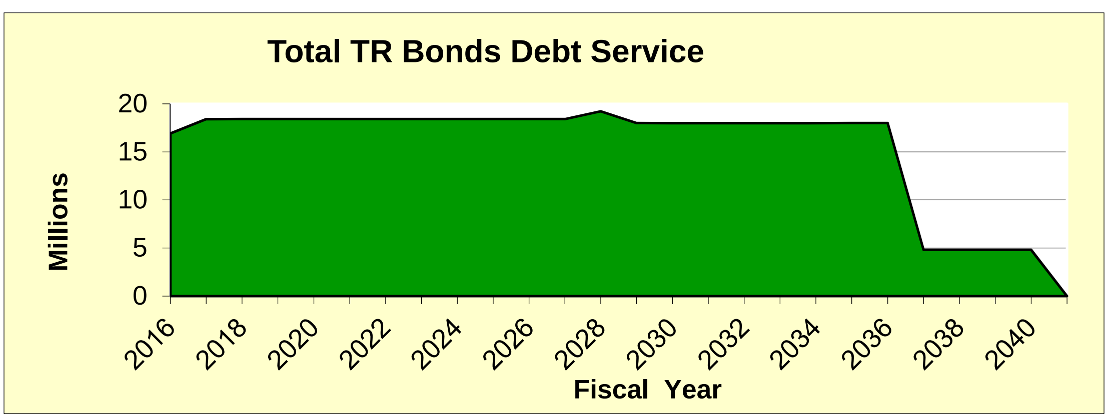


TABLE 5 - CARGO DATA

The Authority's ports handle a variety of general cargo. Bulk cargo, such as petroleum products, grain and coal, is not handled at the Port Facilities but is handled at facilities owned by railroads and other private operators. Set forth below are the major categories of general cargo handled by the Port Facilities based on the top 5 leading import and export commodities for the most recent calendar year.

Leading Exported and Imported General Cargo Commodities*
(Calendar Year)
(Short Tons)

	2010	2011	2012	2013	2014
Exports					
Paper and Paperboard	790,318	925,574	1,070,721	1,069,168	976,840
Wood Pulp	508,539	545,493	699,825	843,103	864,696
Logs and Lumber	500,554	511,124	584,624	638,178	770,646
Soybeans and Products	530,055	311,957	508,371	813,475	758,695
Pet and Animal Feeds	210,462	207,270	215,322	289,134	390,139
Imports					
Furniture	412,284	397,934	479,352	524,312	551,034
Auto Parts	255,555	366,673	479,586	471,108	511,662
Paper and Paperboard	199,259	175,400	219,207	194,110	219,032
Nonalcoholic Beverages	160,012	157,019	221,606	197,127	207,126
Granite	117,214	118,584	136,931	197,370	195,804

* This table includes both import and export data for all facilities that comprise the Port of Virginia, some of which are not owned or operated by the Authority. The Authority believes that the VPA Facilities handle in excess of 95% of the general cargo transported through the Port of Virginia.

Source: Port Import Export Reporting Service

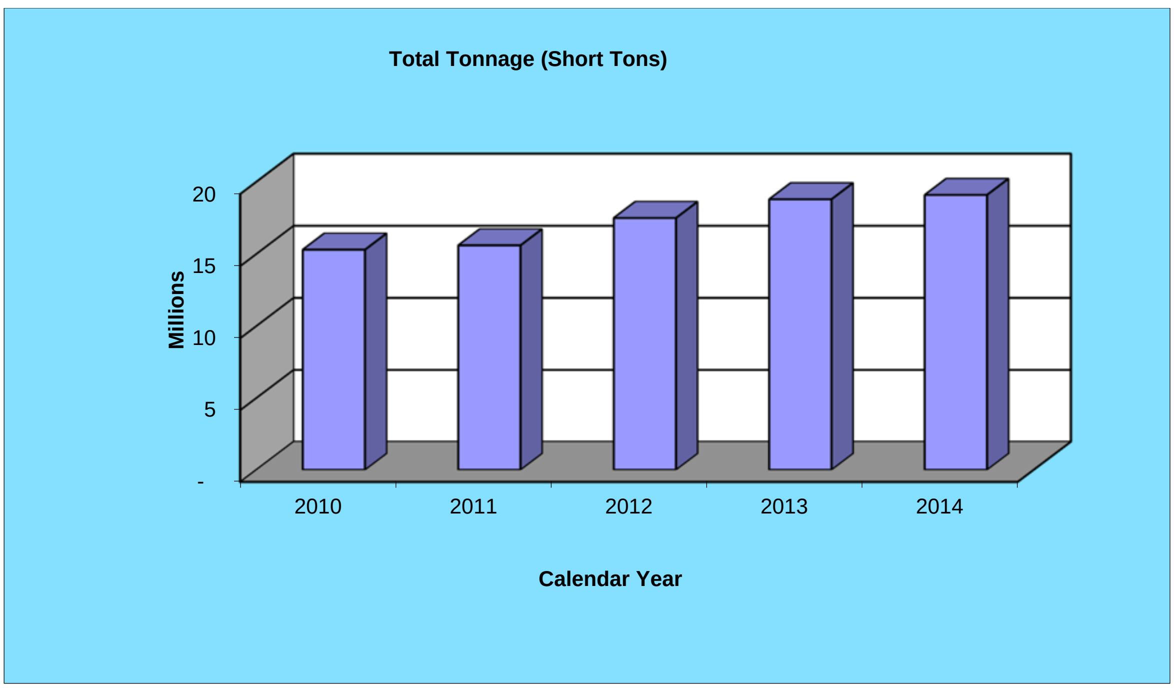
Presented below is information concerning volume of general cargo handled at all facilities that comprise the Port of Virginia.

General Cargo Statistics for the Port of Virginia*
(Calendar Year)
(Short Tons)

	2010	2011	2012	2013	2014
Breakbulk	253,854	347,558	372,144	336,060	328,060
Container	15,068,848	15,268,380	17,155,583	18,504,243	18,733,342
Total Tons	15,322,702	15,615,938	17,527,727	18,840,303	19,061,402

* This table includes both import and export data for all facilities that comprise the Port of Virginia, some of which are not owned or operated by the Authority. The Authority believes that the VPA Facilities handle in excess of 95% of the general cargo transported through the Port of Virginia.

Source: Terminal Operators' Statistics



VIRGINIA PORT AUTHORITY ©

600 World Trade Center
Norfolk, VA 23510